The Economy 2014

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GDP and Employment by Industry

	GDP 2012p		Employment 2013	
	$ Millions	% of Total	Person Years 000s	% of Total
Goods-Producing Sector	**16,713.0**	**52.7%**	**54.1**	**23.2%**
Agriculture, Forestry & Logging	191.1	0.3%	1.5	0.6%
Fishing, Hunting & Trapping	227.5	0.7%	4.0	1.7%
Mining	2,730.9	8.6%	3.8	1.6%
Oil Extraction and Support Activities	8,961.4	28.2%	8.8	3.8%
Manufacturing	950.7	3.0%	12.1	5.2%
Fish Products	292.0	0.9%	3.1	1.3%
Other	658.6	2.1%	9.0	3.9%
Construction	2,909.7	9.2%	21.5	9.2%
Utilities	741.7	2.3%	2.4	1.0%
Services-Producing Sector	**15,019.5**	**47.3%**	**178.7**	**76.8%**
Wholesale Trade	610.9	1.9%	5.7	2.4%
Retail Trade	1,476.3	4.7%	31.6	13.6%
Transportation and Warehousing	737.8	2.3%	10.5	4.5%
Finance, Insurance, Real Estate & Business Support Services	3,891.9	12.3%	15.1	6.5%
Professional, Scientific, & Technical Services	832.0	2.6%	9.2	4.0%
Educational Services	1,557.3	4.9%	18.1	7.8%
Health Care & Social Assistance	2,169.0	6.8%	36.8	15.8%
Information, Culture & Recreation	745.7	2.3%	6.6	2.8%
Accommodation & Food Services	463.2	1.5%	13.7	5.9%
Public Administration	2,048.1	6.5%	18.3	7.9%
Other Services	487.4	1.5%	13.2	5.7%
Total, All Industries	**31,732.6**	**100.0%**	**232.8**	**100.0%**

p: preliminary

Note: GDP is expressed at basic prices, measuring payments made to the owners of factor inputs in production. This differs from GDP at market prices. The difference is attributable to taxes less subsidies on products. Industry components may not sum to total due to independent rounding.

Source: Statistics Canada; Department of Finance

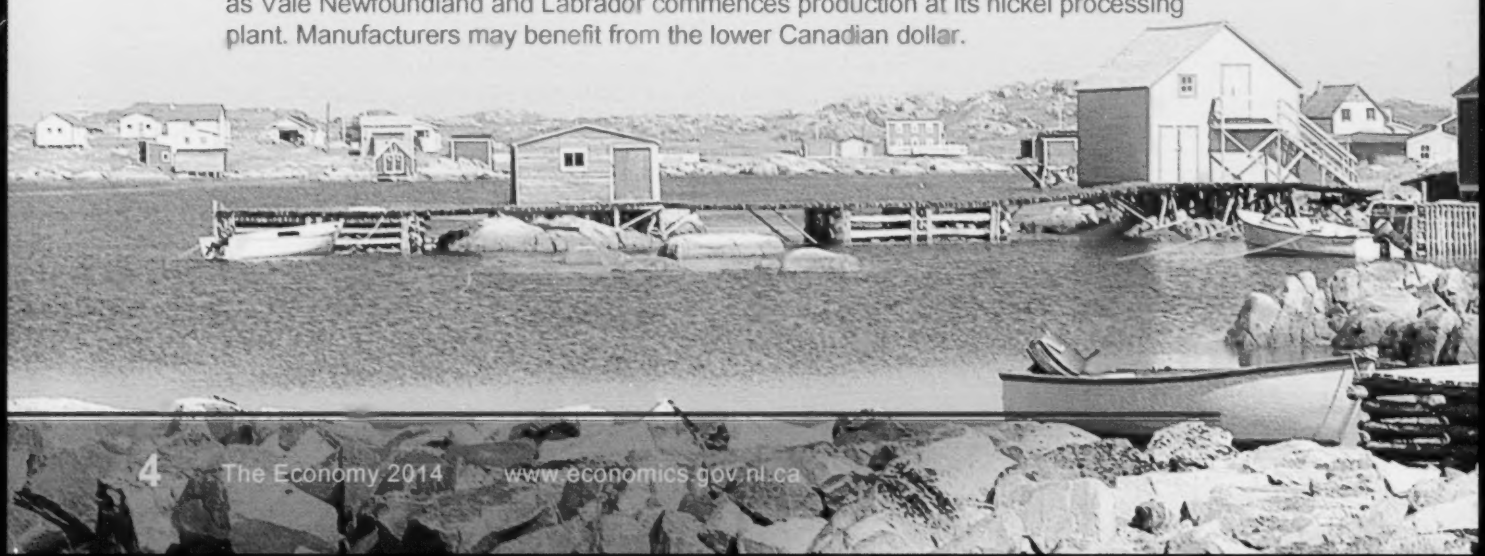
2013 Highlights

- Real Gross Domestic Product (GDP) increased by 5.9% in 2013, reflecting strong gains in investment, exports and consumption. Real GDP growth was the strongest among provinces.
- Investment increased by 31.4% to a record $12.3 billion, driven by major project development.
- Real exports are estimated to have increased by roughly 3% last year due to a rebound in oil production and higher iron ore output.
- Consumer spending was strong with the value of retail sales increasing by 4.0% compared to 2012.
- The number of new cars sold totalled over 35,000, an increase of 5.5% from 2012 and the highest number ever sold in the province.
- Consumer prices rose 1.7%.
- Employment grew by 1.0% to reach a new record high of 232,800.
- The unemployment rate declined by 1.1 percentage points to 11.4%, the lowest rate since 1973.
- Average weekly earnings increased by 2.6% to $951. Average weekly earnings were the second highest among provinces after Alberta.
- Household income rose by 4.9% to over $22 billion.
- The population of the province on July 1, 2013 was 526,702, virtually unchanged from one year earlier.

- Offshore oil production totalled 83.6 million barrels, up from 72.2 million in 2012 as production returned to more normal levels following a period of extended maintenance downtime in 2012. The estimated value of oil production increased 15.1% to $9.4 billion. Brent crude oil averaged US$108.56/barrel in 2013, compared to US$111.63/barrel in 2012.
- The value of provincial manufacturing shipments decreased 11.8% to about $6.2 billion, as the value of refined petroleum products fell.
- Total fish landings increased 4.9% to 268,646 tonnes compared to 2012, while landed value decreased 0.4% to $579 million, the result of lower raw material prices for some species.
- Aquaculture production increased 25.1% to about 26,600 tonnes. The corresponding market value increased 74.3% to $197 million, driven mainly by higher Atlantic salmon production and stronger market prices.
- Newsprint shipments were down almost 2% to approximately 242,200 tonnes. The estimated value of shipments declined by about 4%, reflecting lower volume and price.
- The value of mineral shipments decreased about 4% to $3.7 billion, as lower nickel production and prices more than offset higher iron ore production.
- Mineral exploration expenditures were estimated at about $104 million, down from $194 million in 2012.
- Construction investment rose by 33.1% to $10.2 billion.
- Average weekly earnings in the construction industry rose by 11.4% and were the second highest in the country after Alberta.
- Housing starts decreased by 26.3% to 2,862 units, due mainly to fewer multiple starts. The number of MLS® sales decreased by 7.5% to 4,303 but the average residential price increased 5.3%, setting a new high of about $283,100.
- The commercial vacancy rate for office space in the St. John's area increased to 4.8%, up from 3.8% in 2012, as new space became available in the downtown area. The average rental rate grew by 7.4% to $32.10 per square foot.
- The number of travel and tourism visitors to the province declined 1.5% to 497,900 as lower automobile and cruise visitors more than offset higher air visitors.

2014 Expectations

- Real GDP is expected to increase 0.5% in 2014 primarily due to higher consumer expenditures.
- The real value of exports is expected to be virtually unchanged as declines in nickel and fish offset gains in oil and iron ore.
- Employment is forecast to grow by 0.3% and the unemployment rate to remain at 11.4%.
- Household income is expected to grow by 3.4%, mainly reflecting wage gains.
- Retail sales are expected to increase by 3.6%.
- Consumer prices are expected to increase by 1.7%.
- The province's population is projected to remain stable at 526,700.
- Capital investment is forecast to rise by 2.4% to $12.6 billion, driven by the continued advancement of major projects such as Muskrat Falls, Hebron and the Kami iron ore project.
- Oil production is expected to increase by 1.8% to 85.1 million barrels due primarily to an increase in Terra Nova production following extended maintenance downtime in 2013. Annual average Brent crude oil prices are expected to decline 2.7% to US$105.64/barrel.
- The value of mineral shipments is anticipated to increase about 2% to $3.8 billion on the strength of higher iron ore production.
- Mineral exploration expenditures are expected to decrease about 19% to $84 million.
- The value of provincial manufacturing shipments is expected to increase moderately as Vale Newfoundland and Labrador commences production at its nickel processing plant. Manufacturers may benefit from the lower Canadian dollar.



- Newsprint shipments are expected to increase by about 1% to around 245,000 tonnes. North American newsprint prices are expected to remain about the same as 2013.
- Fish landings are projected to remain relatively on par with 2013. Quota reductions in some fisheries, such as northern shrimp, will likely be offset by increased landings in the groundfish sector.
- Aquaculture production is expected to decline.
- Housing starts are expected to be 2,843, comparable to the 2,862 recorded last year and reflective of long-term levels.
- The Canadian Real Estate Association forecasts sales will increase by 4.4% to 4,490 units. The residential resale price is expected to average $288,800, an increase of 2.0% from 2013.
- Construction investment is expected to post another strong performance, reaching $10.5 billion.
- Non-resident travel to the province should continue to benefit from the strengthening global and Canadian economies as well as solid business travel associated with high levels of economic activity in the province. Resident tourism is expected to benefit from continued growth in household income.
- Further development of major projects, such as Muskrat Falls, Hebron, Kami and the Hibernia South Extension, will continue to support economic growth.

Global Economic Environment

Global economic conditions rebounded strongly during the first two years following the deep economic recession of 2008/09, largely on the strength of sizeable fiscal and monetary stimulus programs around the world. This strong recovery; however, was short-lived. The massive fiscal stimulus programs were not sustainable—governments began to cut back on stimulus spending as sovereign debts began to escalate. This resulted in weaker economic growth in the last two years despite very accommodative monetary policy. Many analysts feel that the global economy must transition from one fuelled by government indebtedness and loose monetary policy to one anchored by sustained growth in production and income stemming from the private sector.

At the beginning of last year, global economic growth was expected to accelerate to 3.5%. However, austerity measures to contain the debt crisis across European nations and actions by the Chinese government to slow credit expansion dampened growth in these countries, and subsequently the world. Overall, the International Monetary Fund (IMF) estimates global GDP grew by 3.0% in 2013, the lowest growth rate since the recession ended (see chart).

GDP Growth (%)

	2012	2013e	2014f
World	**3.1**	**3.0**	**3.7**
Brazil	1.0	2.3	2.3
India	3.2	4.4	5.4
Russia	3.4	1.5	2.0
China	7.7	7.7	7.5
Canada	**1.7**	**2.0**	**2.3**
United States	**2.8**	**1.9**	**2.8**
Japan	1.4	1.7	1.7
Australia	3.7	2.5	2.8
European Union	-0.3	0.0	1.3
United Kingdom	0.3	1.7	2.4
Euro Area	-0.7	-0.4	1.0
Ireland	0.2	0.6	1.8
Germany	0.9	0.5	1.6
France	0.0	0.2	0.9
Spain	-1.6	-1.2	0.6
Portugal	-3.2	-1.8	0.8
Italy	-2.5	-1.8	0.6
Greece	-6.4	-4.2	0.6

e: estimate; f: forecast

Source: Canada - average forecast of major Canadian banks; U.S. - Survey of Professional Forecasters, U.S. Federal Reserve Bank of Philadelphia; all other jurisdictions - International Monetary Fund, January 2014/October 2013.

World GDP growth is forecast to accelerate to 3.7% in 2014 mainly due to improvements in advanced economies (particularly the U.S.) but also as a result of modest gains in most countries within the European Union (EU). Many indicators appear to confirm this view. For example, the OECD's composite leading indicators for December 2013 signalled improvements in growth for most advanced economies.[1] However, in order for expectations to be realized this year,

1 The Organization for Economic Co-operation and Development's (OECD) composite leading indicators series is designed to anticipate turning points in the business cycle six to nine months before they occur. Typical indicators include orders and inventory changes, financial market indicators, and business confidence surveys.

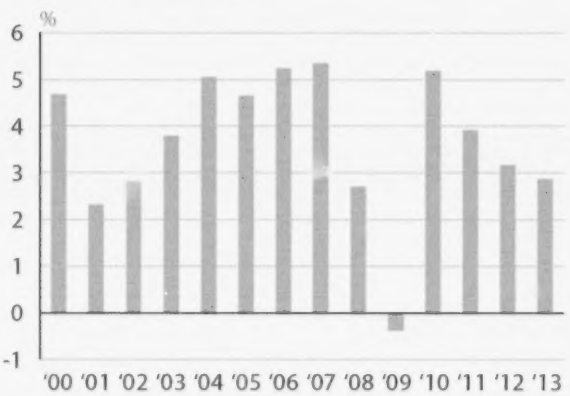
governments must continue with fiscal and structural changes, particularly in the EU, China and Japan. Many of these reforms are politically difficult to implement (i.e. government austerity) and the benefits are often slow to take hold.

United States

The U.S. economy performed reasonably well in 2013 despite the negative impacts of government spending cuts, tax increases, and reduced consumer and business confidence brought on by political wrangling over the budget and the debt ceiling. The impending tapering of asset purchasing by the Federal Reserve had significant economic implications—speculation about when the tapering would occur created uncertainty impacting financial markets, causing mortgage rates to rise and dampening confidence.

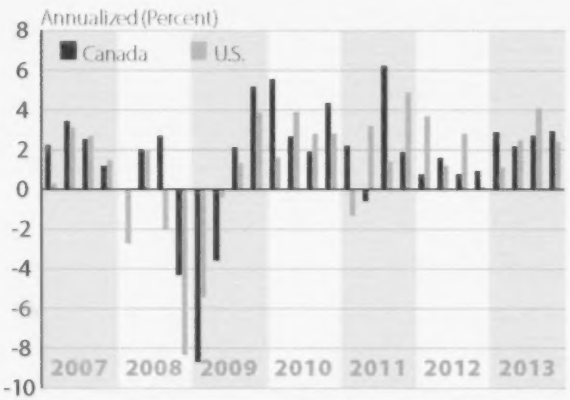
For the year, U.S. GDP grew 1.9%, similar to expectations held at the beginning of the year. GDP growth was slow in the beginning of the year but picked up steam as the year progressed—real GDP increased by an average of 3% at an annualized rate in the last three quarters of the year (see chart). The increase in real GDP in 2013 primarily reflected growth in personal consumption and investment which combined served to offset a decline in federal government spending. The economy would have likely performed better were it not for the dampening effect of reduced federal government spending especially in the fourth quarter.

Global GDP Growth



Source: International Monetary Fund

Quarterly Real GDP Growth



Source: U.S. Bureau of Economic Analysis; Statistics Canada

Growth in real consumption expenditures decelerated to 2.0% in 2013 from 2.2% in 2012 as spending gains were hampered by slow growth in incomes and tax increases. Housing starts and new home sales grew approximately 19% and 16%, respectively, while home prices grew about 10%. However, the improving housing sector, which was an important contributor to the improvement in the U.S. economy in the first half of year, exhibited signs of weakness towards the end of the year. The late slowdown in the housing sector was largely due to rising mortgage rates, which edged upwards in response to speculation that the Federal Reserve would begin tapering its asset purchasing program.

Gradual ongoing improvements were made in the labour market in 2013. Employment increased by 1.7%, or about 2.3 million, while the unemployment rate averaged 7.4%, down from 8.1% in 2012 but still well above the pre-recession low of 4.6%. Average weekly earnings rose by 2.1% and initial jobless claims are near seven-year lows.

As a result of increasing economic growth in the second half of the year, the U.S. central bank announced its intention in December 2013 to gradually decrease the massive monetary stimulus known as the Large Scale Asset Purchase program. Asset purchases were decreased from $85 billion to $75 billion per month in January, and again by a similar amount in February. Currently, a decision to further reduce this program is being examined on a month-to-month basis as the economy is monitored. The timing and magnitude of this further tapering will affect many aspects of the U.S. economy, including stock prices and interest rates.

The 2014 outlook for the U.S. economy is improved from last year with economic growth expected to increase to 2.8%. An agreement reached between the Republicans and Democrats in December is intended to avoid another government shutdown for at least two years and reduce by half spending cuts imposed by last year's sequestration for 2014. The agreement on the budget and debt ceiling issues will likely raise both consumer and business confidence this year. Growth in consumer spending is expected as a result of strengthening labour market conditions and business investment is projected to rise as uncertainties regarding fiscal policy have been reduced. The housing sector is expected to improve, albeit at a slower pace than in 2013, despite rising mortgage rates.

The U.S. economy currently accounts for just over 19% of world GDP and is an important export market for the rest of the world. Strong economic growth in the U.S. is expected to be the major factor driving global growth in 2014.

European Union

The sovereign debt crisis and subsequent austerity measures to contain debt continued to negatively impact the European economy last year. Since 2008, the region has been in and out of recession and unemployment has risen dramatically in many countries.

As a block, EU GDP was unchanged in 2013; however, growth patterns among members were diverse. The two largest EU members—Germany and the United Kingdom—grew by 0.5% and 1.7% respectively reflecting stronger government fiscal situations and better consumer and export performance. In southern Europe, countries continue to struggle with massive debt problems, high unemployment rates and weak manufacturing competitiveness. Economic recovery for these countries has been challenged by the fact that they share a common currency, the euro, with economically stronger competitors within the EU. As such, these countries are unable to use currency depreciation to improve their competitive position. At the end of 2013, the Euro Area's real GDP remained 2.1% below its 2008 level. Similarly, employment levels were 3.6% below the pre-crisis peak. Unemployment rates in many areas (Greece and Spain +25%) are at high levels, especially among youth.

The outlook for Europe in the near term has improved with most countries currently expected to post positive, albeit relatively low, real GDP growth in 2014. Overall, the IMF forecasts expansion of 1.3% in the EU in 2014, buoyed by growth in the United Kingdom and Germany. GDP growth in most of northern Europe (e.g. United Kingdom, Germany, and France) is expected to be stronger than that of Southern Europe. The manufacturing sector, which is more prevalent in northern Europe, is expected to benefit from improved demand in North America and Asia. Employment levels and unemployment rates in Europe are expected to improve modestly in 2014.

While economic conditions in Europe are expected to improve, very low inflation and the possibility of deflation is a concern. Sluggish domestic demand and excess production capacity is exerting downward pressure on prices. The fear is that persistently low or negative inflation will become embedded in the economy leading to a prolonged period of weak economic growth like what has happened in Japan over the past 20 years. Loose monetary conditions are expected to, at the very least, remain at current levels as central banks are cognizant of the risk deflation poses to the region.

China

Real GDP in China grew by 7.7% in 2013, the same as the previous year, but well off the pace of average annual growth of 10% or more per year over the past decade.

Much of China's economic growth over the past decade has been export driven making its economic fortunes very dependent on markets such as the U.S. and Europe. This dependency on exports prompted a major fiscal stimulus program and loose monetary policy during the 2008/09 recession in order to boost economic growth. The global economic crisis and the resulting credit-fuelled investment boom brought home the realization that the country was in much need of structural reform. Subsequently, the government initiated structural reforms late last year. China's comprehensive reform package included changes to the one child policy, the welfare system, land rights and reforms to the banking sector. Through this reform, the country hopes to decrease its dependence on exports and capital expenditures and increase reliance on consumer spending and expanded service industries. However, this action will have the effect of lowering growth in the short-term in favour of economic strength in the long-term. Improvements in China's main export markets (the U.S. and Europe) should help to alleviate some of these effects in 2014 and support economic growth. The IMF's expects China's economy to grow 7.5% in 2014.

Japan

The Japanese economy has been dealing with a number of systematic issues such as persistently low inflation/deflation, mounting government debt and weak private sector growth for the past two decades. In 2013, the government launched a three-pronged approach to reflate the economy through monetary, fiscal, and structural policies. This included a large fiscal stimulus program; measures by Bank of Japan to increase the money supply (to increase inflation); and structural reforms such as reducing protectionism for selected industries and reducing labour market rigidities. These changes resulted in a sharp depreciation of the Yen which boosted the export sector and overall GDP growth in the first half of last year. However, the boost to exports was temporary and growth slowed in the second half. For the year as a whole real GDP increased by 1.7% in 2013, slightly higher than the previous year but well under the global average. The reforms will continue with further monetary easing and increases in consumption taxes planned for this year. The IMF is currently forecasting real GDP growth of 1.7% in 2014, helped by the stimulus package and stronger global growth.

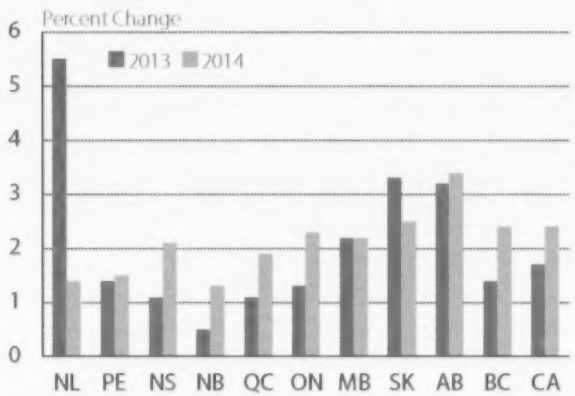
Canada

Similar to most major industrialized countries, Canada's economic recovery following the 2008/09 recession has been subdued. Compared to other countries, government fiscal stimulus has been

moderate but like most other countries, the central bank has kept interest rates low in an attempt to encourage consumer spending and investment.

Economic performance in Canada in 2013 was moderate but well balanced on a sector basis. Real GDP expanded 2.0% for the year with the strongest performance occurring in the second half. Increases in household and government consumption expenditures, as well as exports, were the main contributors to growth. Among provinces, Newfoundland and Labrador posted the strongest economic growth (see chart).

GDP Growth



Source: Consensus of Canadian major banks and the Conference Board of Canada

National labour market performance was reasonably good in 2013. Employment in Canada increased by 223,500 (+1.3%), while the labour force increased by 203,300 (+1.1%). As a result, the unemployment rate fell from 7.2% in 2012 to 7.1%. On a provincial basis, the strongest employment growth occurred in Saskatchewan (+3.4%) and Alberta (+2.9%). Canadian wages also increased last year, with weekly earnings averaging $914 for the year, up 2.0% from 2012.

Canada is a major commodity exporting country. The country has benefited from strong commodity prices for energy and minerals, which have been buoyed by demand from developing nations. The U.S. continues to be the world's largest economy and Canada's largest trading partner. The exchange rate between the Canadian and the U.S. dollar remains an important issue for Canadian exporters as, in recent years, the Canadian dollar has been relatively high compared to the U.S. dollar, making Canadian products more expensive for U.S. buyers. However, since 2011 the Canadian dollar has been depreciating and this trend continued in 2013 as the dollar decreased from 100 cents US in 2012 to 97 cents US last year. The expected economic improvement in the U.S. and the continuing depreciation of the Canadian dollar in 2014 will benefit Canadian exporters.

Consumer inflation remained low last year, averaging just 0.9%. Inflation is expected to remain subdued in 2014 and, as a result, the Bank of Canada is expected to keep interest rates low, providing a further boost to the economy.

Real GDP in Canada is expected to grow 2.3% in 2014, according to an average estimate of forecasters, while the unemployment rate is expected to decline to 6.9%. Alberta is expected to lead the provinces in real GDP growth at 3.5%, followed by Saskatchewan (+2.4%) and British Columbia (+2.4%).

While economic growth in Canada is expected to accelerate in 2014, there is some concern that growing levels of consumer debt, driven by low interest rates, combined with a strong real estate market and record high property prices could result in the bursting of a consumer and housing bubble. In an attempt to avoid this, the government has brought in a number of measures to cool the housing sector.

Provincial Economic Overview

Economic conditions in Newfoundland and Labrador were robust in 2013. Real GDP and final domestic demand growth were substantial and investment reached record levels. In addition, strong income growth spurred increases in retail sales and the unemployment rate declined to the lowest rate since 1973.

The Department of Finance estimates real GDP grew by 5.9% in 2013 and real final domestic demand grew by 6.9%. GDP growth reflected gains in investment, consumption and exports. Real GDP growth in Newfoundland and Labrador was the highest among Canadian provinces last year. A table containing the province's latest economic forecast for key indicators is provided on page 16.

Capital investment in the province totalled a record high of $12.3 billion in 2013, an increase of 31.4% over 2012. The continued development of major projects, in particular Hebron and Muskrat Falls, was the primary reason for the increase in investment. Vale Newfoundland and Labrador's nickel processing facility also accounted for a significant portion of total investment, with estimated expenditures of $1.1 billion in 2013. Solid commercial and residential spending also contributed to high levels of investment. Residential expenditures (including renovations) were $1.7 billion last year, compared to $1.8 billion in 2012. The decline in residential spending was consistent with lower housing starts last year (see *Real Estate*).

Consumer spending was particularly strong in 2013. The value of retail sales increased by 4.0% compared to 2012. Growth was recorded in most sales categories; however, gains were driven primarily by strong car sales. Over 35,000 new cars were sold in the province during 2013, an increase of 5.5% over 2012, and the highest number ever recorded. In addition to sales of retail goods, expenditures on services also posted solid growth last year. Receipts of food services and drinking places increased by 9.3% in 2013, the highest growth among provinces.

Provincial exports are estimated to have increased by about 3% (in real terms) in 2013, primarily due to a rebound in oil production and higher iron ore output. Oil production increased by 15.8% as all projects posted an increase in production following downtime-constrained output in 2012. The volume of iron ore shipped rose by about 5%, reflecting production increases at the Iron Ore Company of Canada and the start of operations at Tata Steel Minerals Canada.

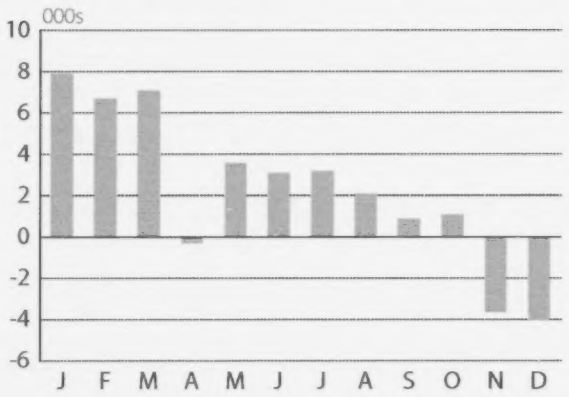
Growth in the Consumer Price Index (inflation) was 1.7% in 2013. Overall, there was little increase in energy prices (up 0.2%) as higher electricity prices were largely offset by lower prices for fuel oil and gasoline. Higher prices for food, shelter (due to increases in electricity), clothing and footwear, and tobacco products exerted upward pressure on inflation last year.

Labour Markets

Overall, employment grew by 1.0% to a record high of 232,800 in 2013. Gains in employment were posted throughout most of the year, but declines were recorded in the last two months (see chart). Full-time employment was unchanged compared to 2012, while part-time employment increased by 2,300.

Change in Employment, 2013

Compared to same month in 2012



Source: Statistics Canada

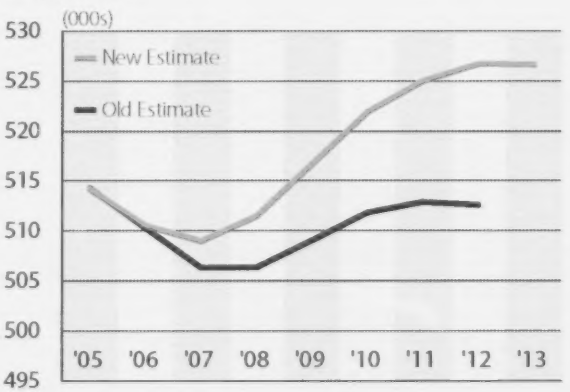
Despite growth in employment, the participation rate and the labour force declined slightly last year. The participation rate fell from 61.6% in 2012 to 61.2% in 2013. As a result of the decline in the participation rate, the number of people in the labour force fell by 0.2% or 500 in 2013. Higher employment, combined with a drop in the labour force, resulted in the unemployment rate declining by 1.1 percentage points to average 11.4% for the year. This was the lowest unemployment rate in Newfoundland and Labrador since 1973.

In addition to higher employment, wages continued to increase in 2013. Average weekly earnings increased by 2.6% last year, following growth of 5.4% in 2012. Average weekly earnings in Newfoundland and Labrador were $951 in 2013, the second highest among provinces after Alberta and 4.0% above the Canadian average. Gains in employment led to a 5.8% increase in employee compensation (i.e. labour income). Total household income—which includes not only employee compensation but also other sources of income such as transfers and investment income—is estimated to have increased by 4.9% in 2013.

Population

Economic expansion and buoyant labour markets have served to increase the province's population. Although the current population estimate for 2013 indicates no growth in population from the previous year, there has been significant growth since 2007 and population levels are significantly higher than previously estimated. On September 26, 2013, Statistics Canada revised its population estimates from 2007 to 2012 to incorporate the results of the 2011 Census (previously, population estimates were being benchmarked to the 2006 Census counts). This resulted in a substantial upward revision in population estimates for Newfoundland and Labrador. The current estimate for 2012 of 526,841 is over 14,000 (or 2.8%) higher than the previous

Population



Source: Statistics Canada

estimate of 512,659 (see chart). In previous census revision cycles, Newfoundland and Labrador's population estimates tended to be revised downward. The revised population numbers now show significant growth between 2007 and 2012 with total population up nearly 18,000 people (or 3.5%) over this period. The majority of the increase in population in recent years has been due to net in-migration as employment opportunities, particularly related to major project development, have enticed individuals to move to the province. Migration trends, and subsequently population levels, will continue to be impacted by the strength in the provincial economy balanced against labour market demand from other provinces. As of July 1, 2013, the population was estimated to be 526,702, nearly back to levels last seen in 2000 when it was 527,966.

Outlook

Economic activity in 2014 is expected to remain at high levels, but growth will be moderated by lower levels of investment and employment at Vale Newfoundland and Labrador's nickel processing facility in Long Harbour. Construction of this facility is winding down and the project is transitioning to the commissioning and production phase. Other major projects, such as Hebron and Muskrat Falls, are expected to post higher levels of investment and employment; however, this will be partially offset by the decline at the nickel processing facility and the idling of Wabush Mines.

Overall, both real GDP and employment are expected to increase modestly in 2014 compared to 2013. Investment is expected to increase by 2.4%, essentially unchanged in real terms. Income growth is expected—albeit modest—as wage gains continue, and this will support an increase in retail sales.

At the industry level, many manufacturers and other exporters will likely benefit from the recent decline in the value of the Canadian dollar with respect to many major currencies. In particular, the newsprint and fishing industries should see higher profit margins in 2014 as these products are sold in U.S. dollars.

Economic activity will remain at high levels in 2015 and although growth will be weak, some indicators will post improvements. Beyond 2015, the provincial economy is expected to contract as major project development activity progresses past peak levels (see *Major Projects Timelines*).

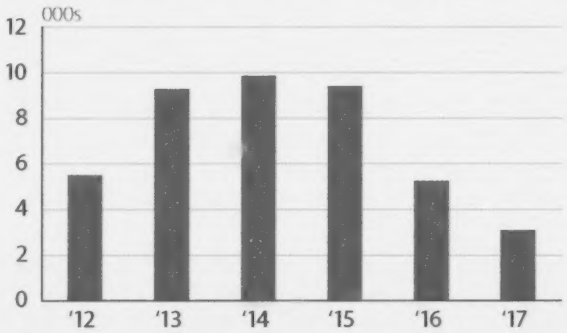
In the longer term, the start of production from Hebron, Muskrat Falls, White Rose Extension, and Alderon's Kami project should provide a boost to the province's economy. Changes in the timelines of current major projects and/or the number of major projects could alter the forecast significantly. The tremendous potential of Newfoundland and Labrador's offshore (see *Deepwater Exploration* insert) also bodes well for the economic future of the province.

Major Projects Timelines

Development of major projects has been a significant source of economic growth in the provincial economy over the past several years. Construction of these projects requires considerable capital expenditures and generates thousands of jobs. However, as construction winds down and projects move toward the production phase, there is often a lull in economic activity, particularly in a relatively small economy such as Newfoundland and Labrador.

Economic activity is forecast to remain at high levels over the next couple of years; however, a contraction is expected thereafter as major project development activity winds down.

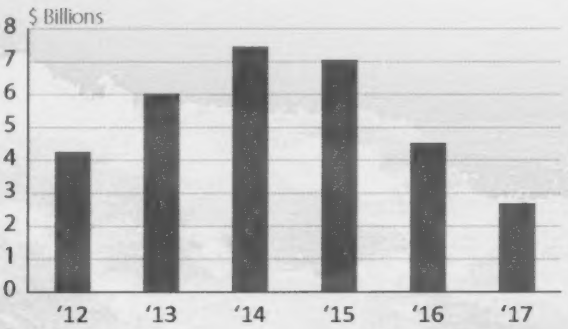
Major Project Development Employment



Note: Major projects include Hibernia, Terra Nova, Vale nickel processing facility, Hebron, Muskrat Falls, White Rose Extension , Vale underground mine and Kami Iron Ore

Source: Estimates by Department of Finance

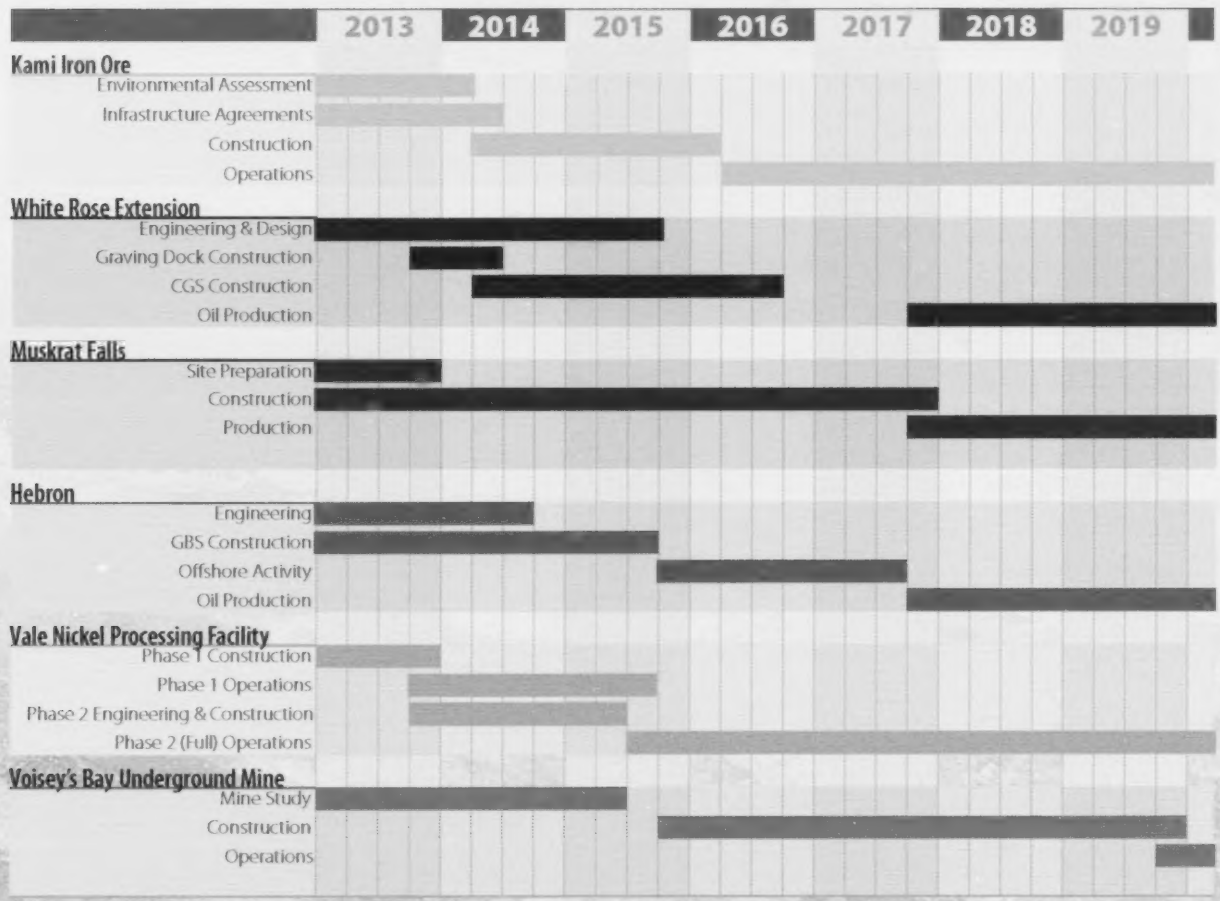
Major Project Capital Investment



Note: Major projects include Hibernia, Terra Nova, Vale nickel processing facility, Hebron, Muskrat Falls, White Rose Extension , Vale underground mine and Kami Iron Ore

Source: Estimates by Department of Finance

	Estimated Capital Cost ($B)	Construction Start Date	Expected Production Start Date	Peak Investment Year	Peak Employment Year
Vale Nickel Processing Facility	$4.25	2009	2014	2012	2013
Hebron	$14.0	2012	2017	2014	2014
Muskrat Falls	$6.2	2012	2017	2015	2015
White Rose Extension	$2.3	2013	2017	2015	2016
Vale Underground Mine	NA	2016	2019	NA	NA
Alderon's Kami Iron Ore	$1.3	2014	2016	2015	2015



Economic Indicators

	2013e	2014f	2015f	2016f	2017f
GDP at Market Prices ($ M)	36,250	37,684	38,535	37,810	37,834
% Change	7.2	4.0	2.3	-1.9	0.1
% Change, real	5.9	0.5	0.0	-4.2	-0.8
Final Domestic Demand* ($ M)	36,200	37,246	37,620	34,905	33,017
% Change	11.0	2.9	1.0	-7.2	-5.4
% Change, real	6.9	0.8	-1.0	-8.9	-7.2
Household Income ($ M)	22,013	22,769	23,386	23,206	23,383
% Change	4.9	3.4	2.7	-0.8	0.8
% Change, real	3.1	1.7	1.0	-2.9	-1.4
Household Disposable Income ($ M)	16,822	17,407	17,891	17,795	18,010
% Change	4.8	3.5	2.8	-0.5	1.2
% Change, real	3.1	1.8	1.1	-2.6	-1.0
Retail Sales ($ M)	8,524	8,833	9,026	8,973	9,034
% Change	4.0	3.6	2.2	-0.6	0.7
% Change, real	3.0	2.3	0.6	-2.4	-0.9
Consumer Price Index (2002=100)	126.0	128.1	130.3	133.1	136.0
% Change	1.7	1.7	1.7	2.1	2.2
Capital Investment ($ M)	12,329	12,631	12,439	9,697	7,489
% Change	31.4	2.4	-1.5	-22.0	-22.8
% Change, real	26.1	0.2	-2.3	-22.8	-23.0
Housing Starts (Units)	2,862	2,843	2,712	2,173	1,892
% Change	-26.3	-0.7	-4.6	-19.9	-12.9
Employment (000s)	232.8	233.5	232.6	224.6	219.8
% Change	1.0	0.3	-0.4	-3.4	-2.1
Labour Force (000s)	262.8	263.4	262.5	256.0	251.5
% Change	-0.2	0.2	-0.3	-2.5	-1.8
Unemployment Rate (%)	11.4	11.4	11.4	12.3	12.6
Population (000s)	526.7	526.7	526.3	525.3	524.1
% Change	0.0	0.0	-0.1	-0.2	-0.2

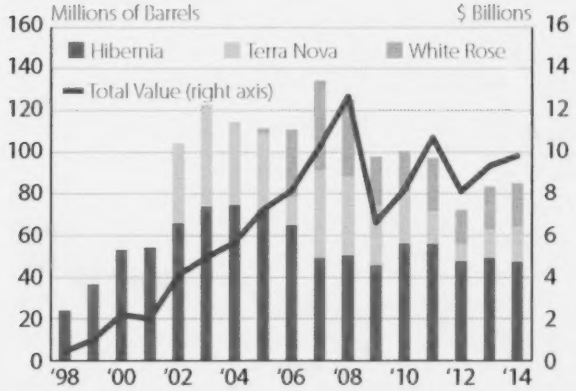
* Final domestic demand measures demand in the local economy by summing consumption, investment and government expenditures; it excludes net exports.

e: estimate; f: forecast, Department of Finance, March 2014

Source: Statistics Canada; Department of Finance

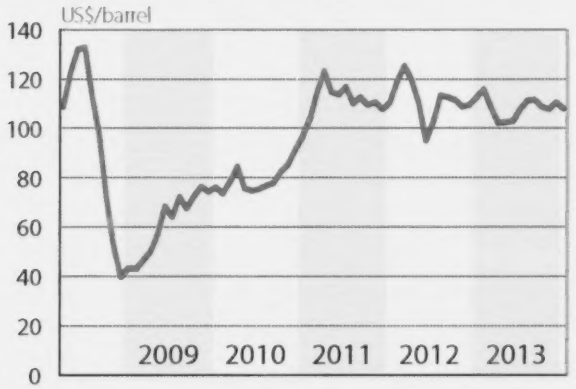
Oil and Gas

Offshore Oil Production



f: forecast
Source: C-NLOPB; Department of Finance

Brent Crude Oil Monthly Spot Prices



Source: U.S. Energy Information Administration

The oil and gas industry is the largest contributor to provincial GDP. It is estimated that oil and gas and support activities accounted for roughly 28% of the province's nominal GDP in 2012. In 2013, direct employment in the oil and gas extraction industry (including support activities) was approximately 8,800 person years. In addition, the industry accounts for a substantial portion of provincial government revenues. In fiscal year 2012-13, offshore oil royalties accounted for approximately 24% of total provincial revenues. Between first oil from Hibernia in November 1997 up to March 2013, oil royalties contributed roughly $14.7 billion to the provincial treasury.

Oil production from the province's three producing projects increased to 83.6 million barrels in 2013, representing growth of 15.8% or 11.4 million barrels from 2012 (see chart). This increase reflects a return to more recent production levels following extended maintenance downtime in 2012. The estimated value of oil production increased 15.1% to $9.4 billion in 2013 as a result of higher production volumes; however, the increase was partially offset by lower crude oil prices. The price of Brent crude oil, a benchmark for Newfoundland and Labrador oil, averaged US$108.56/barrel in 2013 compared to US$111.63/barrel in 2012 (see chart). Cumulative oil production since 1997 (to December 31, 2013) totalled 1.44 billion barrels worth an estimated $102.0 billion. All three producing oil projects in the province have had considerable upward revisions to their recoverable oil estimates since they were initially proposed for development.

Hibernia

Hibernia was the first offshore oil project to be developed in Newfoundland and Labrador. It is located in the Jeanne d'Arc Basin (see map) 315 kilometres southeast of St. John's and is operated by Hibernia Management and Development Company Ltd. Hibernia production occurs by means of a stand-alone concrete gravity based structure (GBS).

When it was initially proposed for development, the project proponents estimated that Hibernia contained 520 million barrels of recoverable oil. Since that time this estimate (including the Hibernia South Extension) has increased to 1,395 million barrels, making Hibernia the largest offshore project in the province and among the largest oil fields ever discovered in Canada.

Over the past few years, Hibernia production has expanded into two development areas south of the main field: the AA Blocks and the HSE Unit, which together make up the Hibernia South Extension. Production from the AA Blocks and the HSE Unit started in November 2009 and June 2011, respectively. The Hibernia South Extension has estimated recoverable reserves/resources of 215 million barrels, which are expected to extend the life of the Hibernia project by five to ten years. The province, through Nalcor Energy, has a 10% equity stake in the HSE Unit.

Total Hibernia production (including the Hibernia South Extension) was 49.4 million barrels in 2013, up 3.3% (1.6 million barrels) from 2012, with 4.7 million barrels coming from the AA Blocks and 0.8 million barrels from the HSE Unit. Cumulative production at Hibernia, since first oil in November 1997 to December 2013, totalled 876.5 million barrels. Approximately 518 million barrels, or roughly 37% of estimated reserves/resources, were remaining as of December 31, 2013.[2]

Terra Nova

The Terra Nova field was the second offshore oil discovery in the province to reach production, with first oil in January 2002. Terra Nova, just southeast of the Hibernia field in the Jeanne d'Arc Basin, is operated by Suncor Energy Inc. using a floating production, storage and offloading vessel (*Terra Nova FPSO*).

In April 2013, the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) increased Terra Nova's estimated reserves/resources from 505 million barrels to 592.4 million barrels, after significant upgrades were made to the *Terra Nova FPSO* and the offshore riser and flowlines were replaced at the field. When it was initially proposed for development, the project proponents estimated that the Terra Nova field contained 400 million barrels of recoverable oil.

The *Terra Nova FPSO* has undergone two relatively lengthy maintenance programs in the past two years. In 2012, the *Terra Nova FPSO* was removed from service from mid-June to early-December to replace its water injection swivel. During this downtime, subsea maintenance work was also carried out at the field. In late September 2013, the FPSO was taken out of service to repair a damaged mooring chain and perform preventive maintenance on the remaining eight mooring chains. Production resumed in early December.

Terra Nova produced 13.8 million barrels in 2013, an increase of 62.6% (5.3 million barrels) over 2012. Cumulative production at Terra Nova, since first oil in January 2002 to December 2013 totalled 349.4 million barrels, representing 59% of estimated reserves/resources.

2 Reserves are considered to be recoverable using current technology and under present and anticipated economic conditions. Resources are assessed to be technically recoverable but have not been delineated and have unknown economic viability.

White Rose (including North Amethyst)

The White Rose project, also located in the Jeanne d'Arc Basin, is operated by Husky Energy. White Rose is the province's most recent offshore oil development to be brought into production. Production from White Rose also occurs using a floating production, storage and offloading vessel (*SeaRose FPSO*). First oil from the main field (South Avalon Pool) occurred in November 2005 and first oil from North Amethyst occurred in May 2010.

When initially proposed for development, the project proponents estimated that the White Rose field contained 230 million barrels of recoverable oil. Since its initial development, the White Rose project has expanded to include several satellite areas (North Amethyst, South White Rose Extension and West White Rose). The current estimated reserves/resources for the entire White Rose project are 379.8 million barrels. The province, through Nalcor Energy, has a 5% equity stake in the White Rose satellite fields.

White Rose annual production for 2013 totalled 20.4 million barrels, up 28.5% from 15.9 million barrels in 2012. The production increase recorded for 2013 mainly reflects a 102-day maintenance shutdown in 2012, primarily for stern tube repairs on the *SeaRose FPSO*. Cumulative production at White Rose, since first oil in November 2005 to December 31, 2013 totalled 218.0 million barrels, representing 57% of estimated reserves/resources.

On June 5, 2013, the C-NLOPB announced its approval of a White Rose Development Plan amendment incorporating the South White Rose Extension (SWRX). The SWRX pools, which are estimated to contain approximately 33 million barrels of recoverable oil, will be developed via a subsea tieback to the *SeaRose FPSO*.

On October 10, 2013, the province and Husky Energy jointly announced that they had reached an agreement to advance the development of the White Rose Extension Project. The agreement will allow for the development of West White Rose via a wellhead platform (WHP) consisting of a concrete gravity structure (CGS) and topsides. The primary function of the WHP will be drilling. There will be no oil storage in the CGS. All well fluids will be transported via subsea flowlines to the *SeaRose FPSO* for processing, storage and offloading. The estimated capital cost of the project is $2.3 billion.

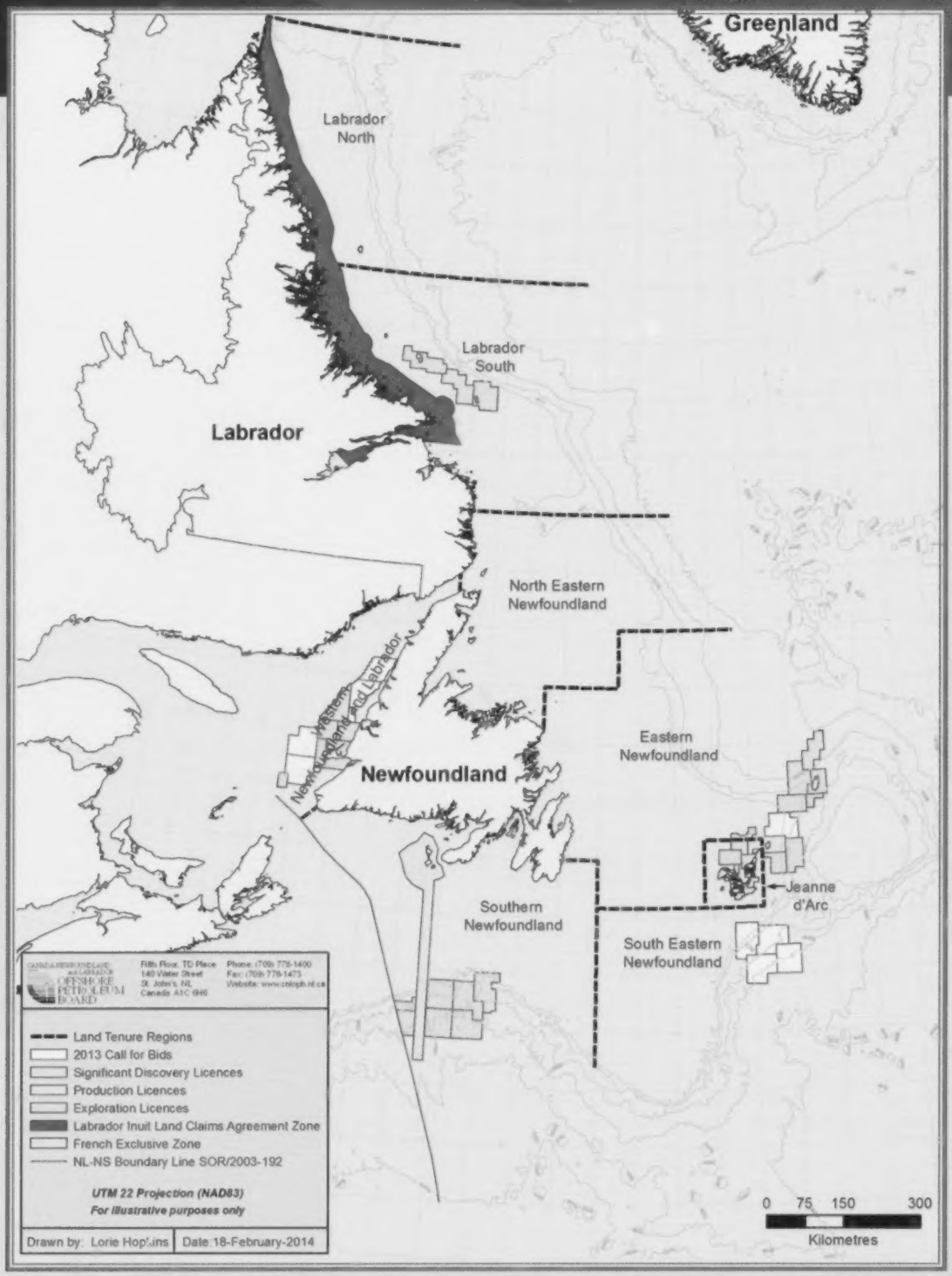
The development phase of the project is expected to generate 2,800 person years of employment in the province. Work in the province includes project and procurement management; engineering and construction of the graving dock complete with gates; construction of the concrete gravity-based structure and accommodations modules; and fabrication of the flare boom, heli-deck and lifeboat stations. In addition to the employment during the construction period, the project is expected to create approximately 250 new long-term platform positions.

The White Rose Extension is a partnership between Husky Energy (68.875%), Suncor Energy Inc. (26.125%) and Nalcor Energy (5.0%). An estimated 115 million barrels of oil are expected to be extracted via the platform over the life of the project. Development of the White Rose Extension Project is projected to return $3 billion to the province in royalties, corporate income tax and return on investment through Nalcor Energy. While the West White Rose project has yet to be officially sanctioned, development activities are proceeding. Oceanside excavation for the graving dock is underway at Argentia and Husky expects to award a contract for the living quarters of the offshore platform before official sanctioning (anticipated by the third quarter of 2014). First oil from the project is expected in 2017.

Offshore Basins

Source: Department of Natural Resources

Land Tenure Regions



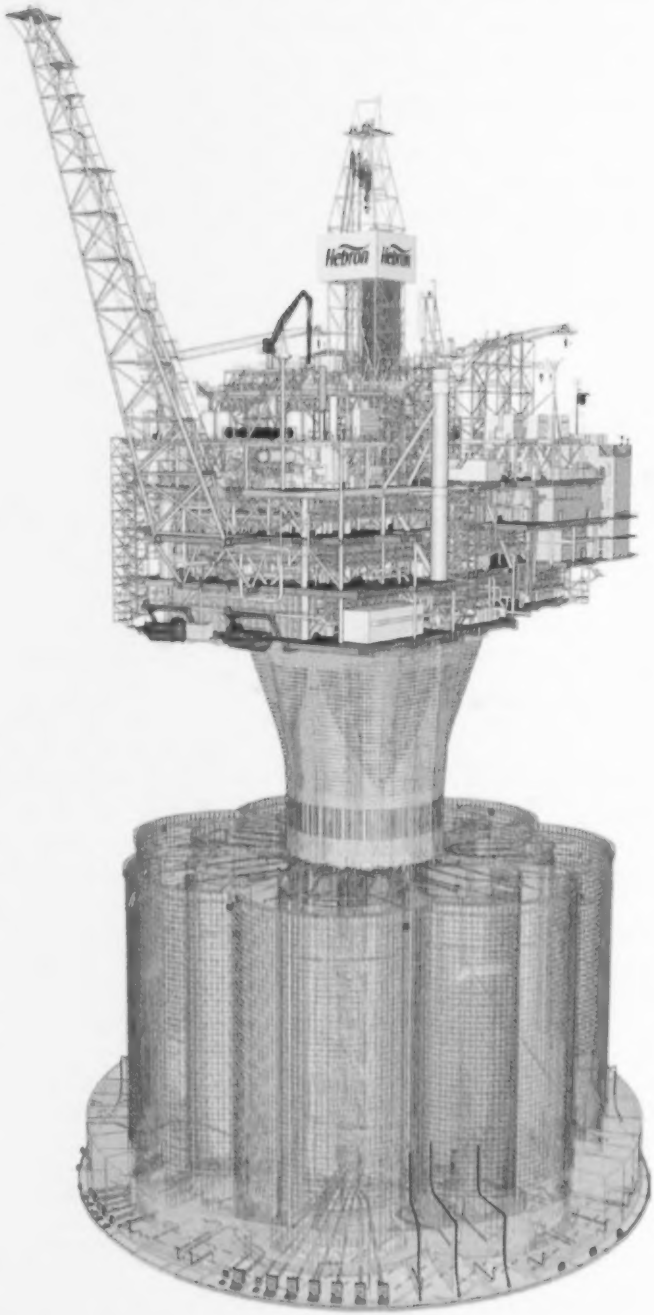
Hebron

The Hebron field was discovered in 1981 and is estimated to contain in excess of 700 million barrels of recoverable oil, making it the second largest oil field in the province after Hibernia. Hebron is located just nine kilometres northwest of Terra Nova in the Jeanne d'Arc Basin, in a water depth of approximately 92 metres. The Hebron project received official sanction on December 31, 2012, becoming the province's fourth stand-alone offshore oil project.

The Hebron field will be developed using a stand-alone concrete gravity based structure similar to, but smaller than the Hibernia GBS. The Hebron GBS, the second of its type to be built in the province, is currently under construction at Bull Arm. It is designed to withstand sea ice, icebergs and extreme meteorological and oceanographic conditions. The Hebron GBS will support an integrated topsides deck that includes living quarters and facilities to perform drilling and production operations. In addition to the GBS itself, two of the four topsides modules are also being built in the province—the accommodations module is being constructed at Bull Arm and the drilling support module is being fabricated in Marystown. As of December 31, 2013, the Hebron project employed 4,937 people in the province, of which 4,227 (85.6%) were residents of Newfoundland and Labrador.

The province, through Nalcor Energy, holds a 4.9% equity stake in the Hebron project. ExxonMobil Canada Properties (36.0%), Chevron Canada Resources (26.7%), Suncor Energy Inc. (22.7%) and Statoil Canada Ltd. (9.7%) make up the remaining Hebron consortium participants. ExxonMobil is the operator of the project. The capital cost for the project is estimated at $14 billion and first oil is expected towards the end of 2017.

Hebron Gravity Base Structure



Source: ExxonMobil

Exploration

Most offshore exploration and significant oil discoveries in the Newfoundland and Labrador offshore area to date have been concentrated in the Jeanne d'Arc Basin. Given the immense size of the province's offshore area (see basins map), there is considerable potential for further exploration and possible new discoveries in other basins.

Statoil announced two new discoveries in the deep water (approximately 1,100 metres) Flemish Pass Basin in 2013. The Harpoon discovery (whose resource potential has not yet been determined) was announced in June and the Bay du Nord discovery (estimated to contain between 300 and 600 million barrels of recoverable oil) was announced in August. Bay du Nord was the world's largest conventional oil discovery of 2013 and the largest Statoil-operated discovery made by the company outside of Norway. The Harpoon and Bay du Nord discoveries are in close proximity to the 2009 Mizzen discovery which is estimated to contain 100-200 million barrels of recoverable oil. Statoil holds a 65% interest in the Mizzen, Harpoon and Bay du Nord fields and Husky Energy holds the remaining 35% interest.

Statoil is an international energy company with operations in 33 countries and 40 years of experience in oil and gas production on the Norwegian continental shelf, a comparable environment to the Newfoundland and Labrador offshore area. Statoil has indicated that the Flemish Pass Basin is a strategic part of its global exploration portfolio and has the potential to become a core producing area for the company post-2020. The company has formed a task force to assess the feasibility of an accelerated development of the Bay du Nord discovery.

Statoil recently announced that it plans to drill more wells in the Flemish Pass Basin over the next year and a half, particularly in the Bay du Nord area. A deep water semi-submersible drill rig will arrive in the province in the third quarter of 2014 to start drilling. In addition to the exploratory drilling, Statoil plans to begin a 1,900 square kilometre seismic program in the same area this spring.

Husky also has several drill ready exploration and delineation prospects in the Newfoundland and Labrador offshore region and will be utilizing the *Henry Goodrich* drilling unit in 2014 to progress these prospects, which include the Aster prospect in the Flemish Pass Basin/Central Ridge.

On the province's west coast, there are plans to target the Green Point formation with several onshore-to-offshore wells. In addition, Corridor Resources and Ptarmigan Energy have indicated their intentions to drill at prospects in the Western Newfoundland and Labrador offshore region, including Corridor's Old Harry Prospect. These plans are subject to various regulatory approvals including strategic and project specific environmental assessments.

Onshore exploration activity continues. Investcan Energy Corporation (Investcan) has plans for a four-well appraisal pilot project in the Flat Bay area. The first appraisal well was drilled in late 2012 and re-entered in 2013 to perform an acid stimulation. Further evaluation of this well is planned before any decision to proceed with the pilot project is made. Investcan also re-entered and deepened an existing well in the area this past summer and the well data is currently being evaluated. Black Spruce Exploration (BSE) has announced memorandums of understanding with Enegi and Deer Lake Oil and Gas to farm-in on the Garden Hill South production lease lands and Deer Lake's exploration permit lands. BSE is continuing with plans to mobilize a drill rig to the area.

In early November 2013, the Minister of Natural Resources announced that any applications for petroleum exploration involving hydraulic fracturing (fracing) will not be accepted pending a department jurisdictional review, geological review and public engagement process.

On May 16, 2013, the C-NLOPB announced the 2013 Calls for Bids in three offshore areas—one 266,139 hectare parcel in the Flemish Pass; four parcels totaling 1,138,399 hectares in the Carson Basin; and four parcels totaling 1,004,482 hectares in the Western Newfoundland and Labrador offshore region. The closing date for each Call shall be 120 days after the completion of the relevant Strategic Environmental Assessments (SEA) which have yet to be completed.

Scheduled Land Tenure System

On December 19, 2013, the C-NLOPB announced the implementation of a new scheduled land tenure system which will provide longer lead times for exploratory work in frontier areas and improve transparency, predictability and industry input. Under the new system, the Newfoundland and Labrador offshore area is divided into eight regions (see map/table), each of which are designated as either low activity, high activity or mature depending on variances in the volume of data collection in the basins and geoscientific knowledge of the region.

Offshore Land Tenure Regions	Current Activity Designation	Land Tenure Cycle
Labrador North; Labrador South; Northeastern Newfoundland; Southeastern Newfoundland; Southern Newfoundland; Western Newfoundland and Labrador	Low Activity	Call for Bids will close four years after a Call for Nominations (Areas of Interest)
Eastern Newfoundland	High Activity	Call for Bids will close within two years after a Call for Nominations (Areas of Interest)
Jeanne d'Arc Basin	Mature	Call for Bids will close within one year after a Call for Nominations (Parcels)

The activity designation of each region will determine the amount of time available following the Call for Nominations for interested parties to assess the hydrocarbon prospects before the Call for Bids is announced. The land tenure process for low activity regions will follow a four year cycle, high activity regions a two year cycle and mature regions a one year cycle. Calls for Nominations (Areas of Interest) will go out in the fall of the year and the respective Call for Bids (Parcels) will close four years later in low activity regions and two years later in high activity regions. For mature regions, the land tenure process will remain the same as in the past—a Call for Nominations (Parcels) will go out in the fall of each year, the Call for Bids will be announced in the spring of the following year and the Call for Bids will close in the fall of the same year.

The Call for Bids cycles will be repeated bi-annually for low activity regions and annually for high activity regions. In the second and subsequent rounds for a given region, land parcels which were previously offered, but not awarded, will be re-assessed and, if deemed prospective, re-posted in the next Call for Bids. This will allow for a cumulative increase of land being available in the scheduled land tenure system.

The new land tenure system is designed to attract more interest in the Newfoundland and Labrador offshore area by allowing exploration companies additional time to conduct geoscientific assessments of the hydrocarbon potential of lesser explored basins. In turn, this is expected to support increased exploration activity, new discoveries and subsequent new developments.

On December 19, 2013, the C-NLOPB also announced its initial Call for Nominations (Areas of Interest) under the new scheduled land tenure system. The 2013 Call for Nominations (Areas of Interest) includes the Labrador South Region (4-year cycle) and Eastern Newfoundland Region (2-year cycle). The Calls for Nominations close March 17, 2014, after which the C-NLOPB will define and announce a Sector from the industry area of interest nominations. The Sector will designate the specific location over which the subsequent Call for Bids will be issued. The Call for Bids in the Eastern Newfoundland Region and Labrador South Region will close in November 2015 and November 2017, respectively, and exploration licences will awarded within two months of the closing of Calls.

Outlook 2014
Oil and Gas

- Oil production is expected to increase 1.8% to 85.1 million barrels.
  - Hibernia (including the AA Blocks and HSE Unit) is expected to produce 47.5 million barrels, down from 2013 levels.
  - Terra Nova is expected to produce 16.8 million barrels, 3.0 million barrels more than 2013.
  - White Rose (including North Amethyst and West White Rose) is expected to produce 20.8 million barrels, close to 2013 levels, as natural production declines from the main South Avalon Pool are offset by increases at the White Rose Expansion projects.
- Annual average Brent crude prices are expected to decline 2.7% to US$105.64/barrel.
- Official sanctioning of the White Rose Well Head Platform project is expected by the third quarter of 2014. Construction of the graving dock will continue at Argentia and the awarding of the living quarters contract is anticipated.
- Hebron construction will continue at Bull Arm, Marystown and other fabrication sites in the province.
- Exploration activity is expected to intensify:
  - Statoil plans to drill more wells in the Flemish Pass Basin, particularly in the Bay du Nord area.
  - Statoil will conduct a 1,900 square kilometre seismic program in the Flemish Pass Basin.
  - Husky has several exploration and delineation prospects which it plans to drill in the Flemish Pass Basin/Central Ridge.
  - Black Spruce Exploration is planning to drill conventional targets on the province's west coast.

Deepwater Exploration

The Next Frontier

Nalcor Energy and the provincial government are positioning Newfoundland and Labrador's oil industry for resurgence in exploration. This is important because deepwater exploration and development hold the key for significant future growth in provincial oil production.

The province's deepwater resources are attracting the attention of the global oil and gas industry, due in part to recent discoveries and a drive for new sources of oil. Nalcor and the province have been making strategic investments to make the most of this opportunity. Crucial policy barriers to international competitiveness and new investment have been removed, while investments in frontier geoscience data acquisition are offering early and exciting insights into the vast, underexplored offshore region. Newfoundland and Labrador may well be on the verge of a new era in frontier oil exploration and development.

The deepwater race is on

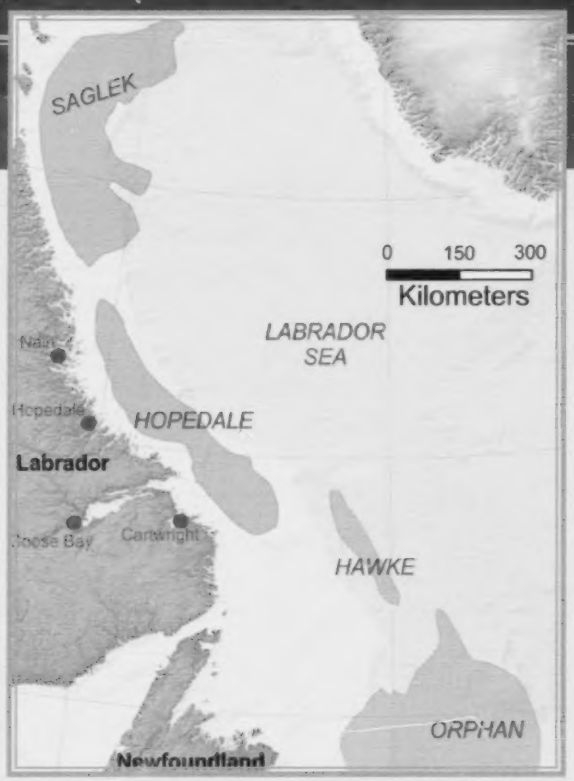
Global demand for oil remains strong and is predicted to increase steadily at a rate of 0.9% annually, according to the U.S. Energy Information Administration. At the same time, international oil companies are struggling to find new sources of oil to replace the resources being extracted, as the world's easy-to-access reserves have largely been found. As the search for oil increases in intensity, exploration in difficult-to-access areas has become a necessity. Advances in technology and robust oil prices have enabled exploration companies to move into the continental slope and deeper waters. The push into these areas has been rewarded—the most recent major finds have happened there. In fact, the most significant conventional oil discovery announced in the world in 2013 was Statoil's Bay du Nord find—estimated to be 300 to 600 million barrels of recoverable oil—in the Flemish Pass Basin, waters over 1,100 metres deep.

Globally, over $80 billion was spent on conventional oil exploration in 2012 and for the first time, more than 50% of that was in deepwater areas. According to Wood Mackenzie, this trend is expected to continue. It is forecasted that deepwater exploration investment is expected to nearly triple by 2022 and reach $114 billion. While this presents a huge opportunity for Newfoundland and Labrador and its vast deepwater basins, the province is currently capturing less than 1% of global deepwater exploration spending. "To attract a larger share of the growing pool of investment dollars, the province and Nalcor are executing a scientific exploration strategy to better understand the region's deepwater resource potential and to increase the level of exploration activity," said Jim Keating, VP Oil and Gas, Nalcor Energy. "As well, key policy changes have been implemented in an effort to make Newfoundland and Labrador more competitive with other offshore jurisdictions."

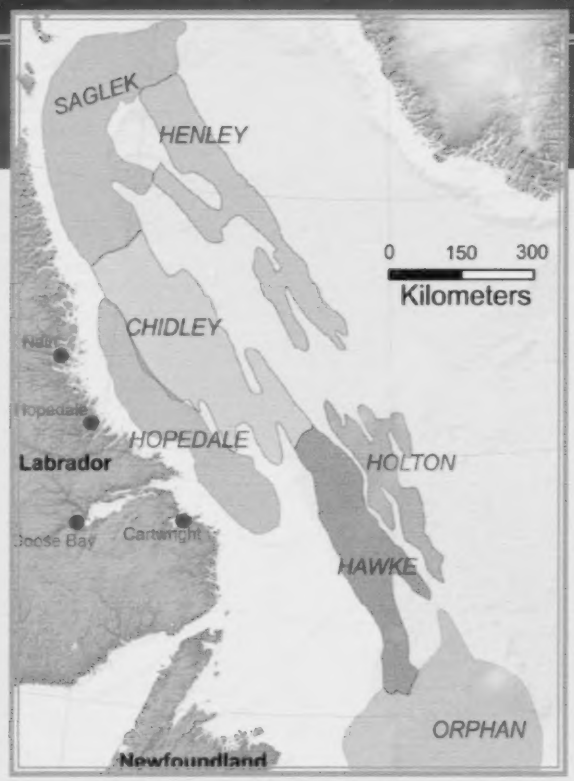
De-risking the offshore with scientific data

Until recently, the majority of the earth under the seabed in the Newfoundland and Labrador offshore was virtually unknown. Very little seismic data existed, and the majority of the data that did exist was

Pre-Survey Basin Configuration (1970s-2012)



Post-Survey Basin Configuration (2013)



either acquired using older technology or focused solely around the Jeanne d'Arc Basin (see map in *Oil and Gas*), where the Hibernia, Terra Nova, and White Rose oil fields are in production.

"Nalcor has been investing and providing additional geoscientific data and information regarding the offshore since 2011, with the goal of reducing some of the initial risk associated with exploration," said Dr. Richard Wright, Manager of Exploration, Nalcor Energy. The company has partnered with global seismic companies TGS and Petroleum Geo-Services in a three-year, 2D seismic survey program that has resulted in the collection of 47,000 line kilometres of 2D seismic data off Labrador and down the southeast coast over the Orphan Basin, Flemish Pass, and Flemish Cap—an area larger than the Gulf Coast of the United States. About 75% of the new 2D multi-client seismic data is situated in the province's new oil and gas frontier—the continental slope and deepwater areas. Previously, there had been no seismic data collected for approximately 70% of the area covered by these surveys.

The investment in geoscience exploration and scientific analysis is paying off. The basin area in offshore Labrador has more than doubled in size. Three new deepwater basins (Chidley, Holton, and Henley) have been identified, and the previously established Hawke Basin, has substantially increased in size (see maps). As well, play types (i.e. rock formations that may hold oil resources), that have yielded some of the leading discoveries in other regions of the world, have been identified offshore Newfoundland and Labrador. "Nalcor is focused on communicating the insights from its exploration strategy to the global oil and gas industry," said Keating. "When we attend international trade shows and conferences, there is a heightened knowledge and interest in the region from the global industry. International oil and gas companies are paying attention to what is happening in

Newfoundland and Labrador—positioning the region to attract a greater share of the global exploration spending in the future." Plans are in place to acquire additional seismic data in 2014, specifically focusing on unmapped frontier areas and on infilling for areas where prospectivity is thought to be high.

Through its activities Nalcor is systematically reducing uncertainty and increasing the scientific knowledge of each basin. The new insights from the data are delivered to, and shared with, the global oil and gas industry as a means of encouraging future investment in offshore Newfoundland and Labrador.

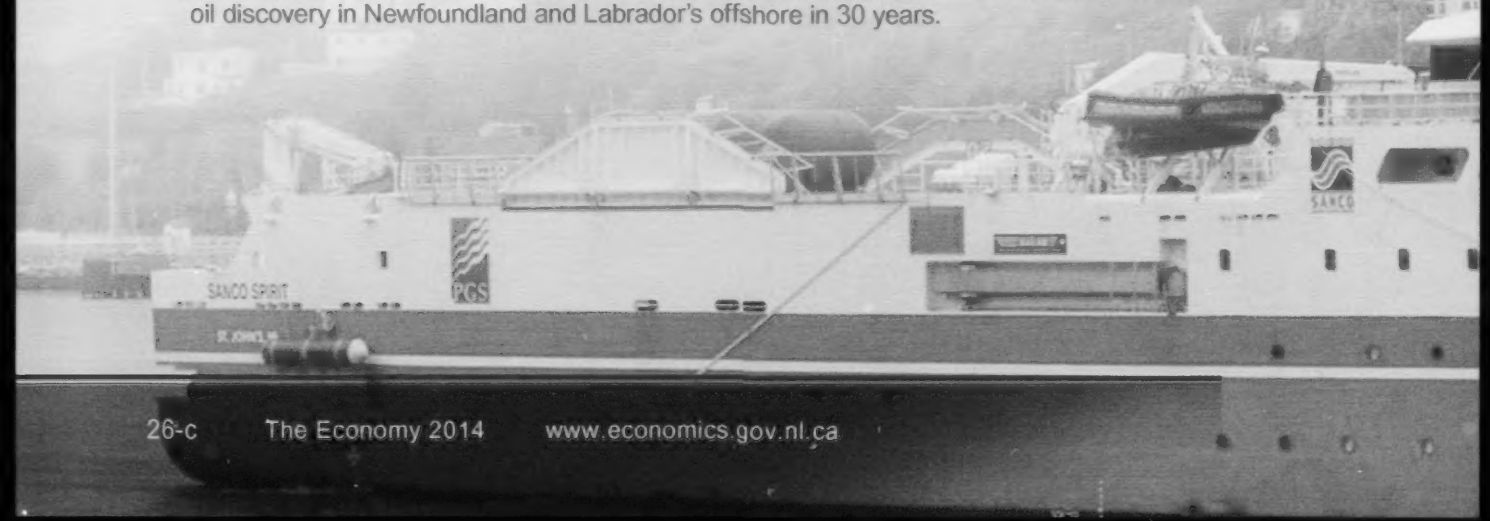
Key policy changes

In December 2013, the Canada - Newfoundland and Labrador Offshore Petroleum Board and the province announced a new scheduled land tenure system (see *Oil and Gas*). This new system incorporates significant strategic policy elements, modernizing a 30-year process. The system marks a significant change in Newfoundland and Labrador's competitive attractiveness for new global exploration investments. It allows additional time for exploration companies to conduct geoscientific assessments of the hydrocarbon prospectivity in the lesser explored basins of the Newfoundland and Labrador offshore area. Global players have more time to assess the data, make plans for exploration and submit competitive bids according to those plans.

The new system positions Newfoundland and Labrador to compete with the leading exploration jurisdictions in the world. The changes implemented through the land tenure system will encourage exploration in frontier areas. Announcing scheduled land sales in a predictable and structured fashion over different time cycles puts the province in charge of the process, while also fostering a more competitive environment for access to the province's resources.

Early results building momentum

Statoil's three recent frontier-area discoveries—Mizzen, Harpoon, and Bay du Nord—in the deepwater Flemish Pass Basin have captured the interest of other industry players. The Bay du Nord discovery represents the largest Statoil-operated discovery for the company outside Norway and is the largest oil discovery in Newfoundland and Labrador's offshore in 30 years.



In early 2014, Statoil announced it had designated Newfoundland and Labrador as a "core exploration area" and would start a drilling program by the end of the year to further delineate Bay du Nord and explore nearby prospects. The company has indicated that the Flemish Pass Basin is a strategic part of its global exploration portfolio and has the potential to become a core producing area for the company post-2020. Furthermore, Statoil has formed a task force to assess the feasibility of an accelerated development of the Bay du Nord discovery. Statoil's prioritization of its prospects in this province could be a sign of the changing behaviour of the global industry. This acceleration in a major exploration program, as well as the identification of new basins and new play types through Nalcor's exploration strategy, are early signs that there is another chapter unfolding offshore Newfoundland and Labrador.

Leading indicators for growth

Some of the early indicators of success of the province's and Nalcor's exploration strategy will be new oil and gas companies entering Newfoundland and Labrador's offshore and greater competition for licences under the new land tenure system that will translate into higher bids. These results will provide early validation of the success of the strategy, indicating both global industry interest and future material growth for Newfoundland and Labrador's oil and gas industry.

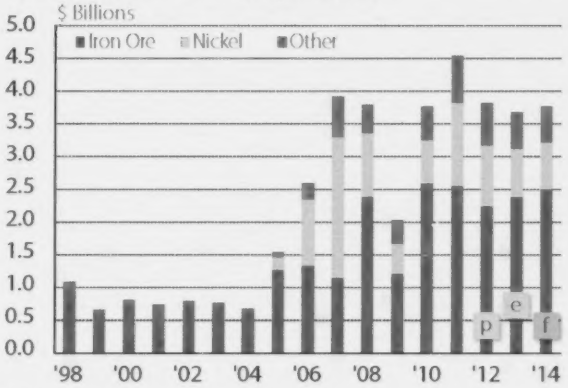
Submitted by: Nalcor Energy

Mining

The provincial mining industry performed reasonably well in 2013 given volatile market conditions. The value of mineral shipments declined but remained high by historical standards and several mining projects continued to advance. Prices for iron ore, the province's main mineral export, fluctuated considerably throughout the year, but on average, were higher than those recorded in 2012.

The value of mineral shipments totalled approximately $3.7 billion in 2013, representing a decrease of about 4% from 2012 (see chart). This decrease reflected lower nickel production and prices which more than offset higher iron ore production. Total mining-related employment (including employment associated with construction and development activities at the nickel processing facility) was about 11,250 person years in 2013—the highest level on record.

Value of Mineral Shipments

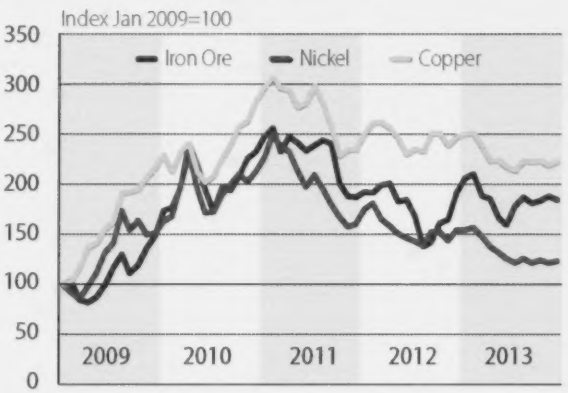


p: preliminary; e: estimate; f: forecast
Source: Department of Natural Resources; Natural Resources Canada

Market Conditions

Mineral demand and prices fluctuated widely throughout 2013. Growth in China's imports of iron ore was weak early in the year but picked up throughout 2013 and by year-end imports were 10% higher than in 2012. Iron ore spot prices averaged about US$135/tonne last year—up approximately 5% from 2012 (see chart). Nickel and copper prices, however, were consistently lower in 2013. Nickel prices averaged US$6.81/pound, a decline of more than 14% compared to 2012, while copper prices averaged US$3.32/pound, down by about 8%.

Mineral Price Indices (Monthly)



Source: London Metal Exchange, MetalPrices.com

Iron Ore

Iron ore shipments totalled approximately 20 million tonnes in 2013, an increase of about 5% relative to 2012, mainly due to higher production at the Iron Ore Company of Canada (IOC). The value of shipments rose approximately 7% last year as a result of the higher production and prices.

Iron Ore Company of Canada

IOC produces iron ore concentrate and pellets from its Carol Lake operation in Labrador West (see map). Shipments from IOC increased from about 14 million tonnes in 2012 to about 15 million tonnes in 2013 as a result of the implementation of Phase 1 of the Concentrate Expansion Project (CEP). Phase 1, which includes a new crusher and conveyor at the Luce pit, was operational as of August 2012 and increased production capacity at IOC from 18 million tonnes of iron ore concentrate per year to 22 million tonnes per year. Shipments were lower than expected in 2013, mainly due to a summer forest fire that interrupted activities during the highest production period.

The second phase of the expansion project (CEP 2) is intended to further expand capacity from 22.0 to 23.3 million tonnes per year and is expected to be operational in the second quarter of 2014. The mine employs about 2,000 people.

Wabush Mines

Wabush Mines shipped about three million tonnes of iron ore concentrate in 2013, relatively unchanged from the previous year, and employed about 500 people. The operation is 100% owned and operated by Cliffs Natural Resources Inc. (based in Cleveland, Ohio). Cliffs announced on February 11, 2014 that it would idle the mine indefinitely at the end of the first quarter, citing escalating production costs.

Labrador Iron Mines Ltd.

Labrador Iron Mines Ltd. (LIM) began operations in April 2011 and shipped its first iron ore to China the following October. The company mines and processes lump and sinter iron ore in northwestern Labrador (see map). LIM's mining operations are seasonal, producing from April to November. In 2013, the company shipped about 1.6 million tonnes of iron ore products, up approximately 5% from 2012.

LIM's development is divided into five stages: each stage contains a number of deposits. Currently, the company is mining ore from its Stage 1 deposits which include the James and Redmond mines. The company is currently evaluating partnerships to develop Stage 2 and, as part of Stage 3, has entered into an agreement with Tata Steel Minerals Canada Ltd. to explore and develop the Howse Deposit. Plans for Stage 3 include completion of a feasibility study by July 2014, commencement of mine development in 2015, and production in 2016. However, the company recently stated that ore quality issues at the James Mine and capital invested in 2013 has put the company under financial strain. LIM has stated that it needs external investment in order to continue operations in 2014.

Tata Steel Minerals Canada Ltd.

Tata Steel Minerals Canada Ltd.'s (TSMC) Elross Lake project is a joint-venture between Tata Steel of India and New Millennium Iron Corp. The first load of iron ore from the project was shipped in September 2013 with another shipment in November for a combined total of 243,000 tonnes. The project's year-round processing plant and associated railway spur is expected to be operational in 2014, which will support an increase in production. The company plans to further increase shipments to three and four million tonnes in 2015 and 2016, respectively. The project (both production and continued development) created employment of about 330 person years in 2013. Operational employment is expected to be about 250 people.

Voisey's Bay and Long Harbour

Production at Vale Newfoundland and Labrador's (VNL) operations at Voisey's Bay, Labrador declined in 2013. The company shipped about $1.0 billion of metal concentrates in 2013, down over 20% compared to 2012, mainly due to lower nickel production and prices.

In March 2013, the Provincial Government announced that it had secured a commitment to an underground mine at Voisey's Bay as part of amendments to the Voisey's Bay Development Agreement. The amendments were necessary due to construction delays at the nickel processing facility in Long Harbour. The amended agreement provides VNL with additional time to complete the nickel processing plant and an additional concentrate exemption to ensure continuity of operations at the Voisey's Bay mine.

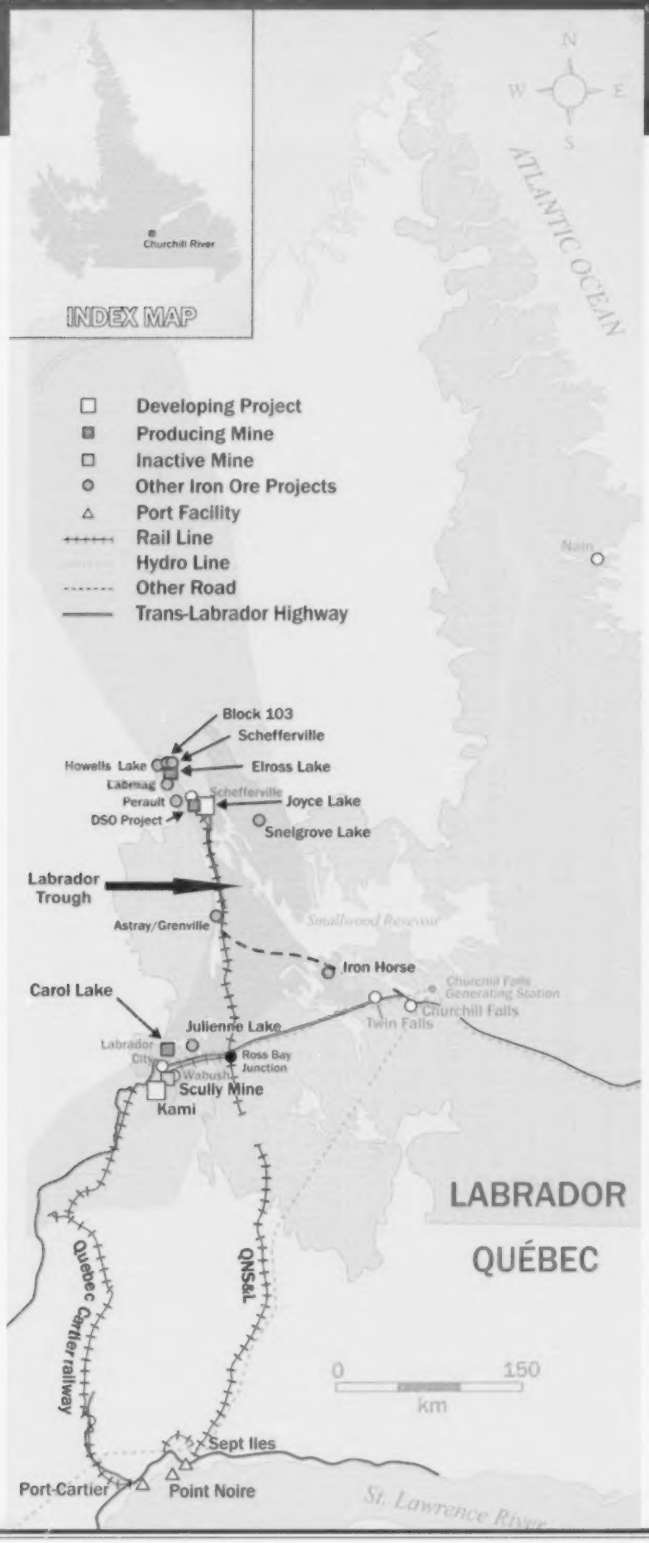
The new construction schedule for the nickel processing facility is divided into two phases. Phase 1 construction, completed in October 2013, involved a partial completion of the plant by focusing on components required to process a low impurity matte feed shipped into the province from Indonesia. While operating with the matte feed, construction will continue throughout 2014 and into 2015 on Phase 2 to integrate the remaining components required to process Voisey's Bay concentrate. Employment reached about 5,400 people in September but declined sharply throughout the remainder of the year due to the completion of Phase 1 construction. In January 2014, there were 1,300 people working at the site. Employment estimates at the plant during the operational stage are 475 people. The total capital cost for the plant is estimated at US$4.25 billion and capital expenditures for 2013 amounted to approximately US$1.1 billion.

The commitment to an underground mine is underpinned by financial and other assurances. Engineering for the mine began in the first quarter of 2013 and construction of the mine is anticipated to begin in 2016. The mine is projected to start producing ore in 2019 and will generate additional employment and industrial benefits for the province.

Other Mines

Rambler Metals and Mining Canada Ltd. (RMM) mines and processes ore from its copper-gold Ming Mine on the Baie Verte Peninsula. RMM commenced commercial production in November 2012 and shipped 26,000 tonnes of copper concentrate as of October 2013. In January 2014, the company announced that, based on exploration drilling, they had identified sufficient resources to extend the mine life from six to seven years. RMM is pursuing other potential projects near

Labrador Iron Ore



Producing Mines

Iron Ore Company of Canada (IOC)
- Carol Lake

Labrador Iron Mines Holdings Limited (LIM)
- DSO Project

Tata Steel Minerals Canada Ltd.
- Elross Lake

Developing Projects

Alderon Iron Ore Corp.
- Kami

Labec Century Iron Ore Inc.
- Joyce Lake

Other Iron Ore Projects

Tata Steel Global Minerals Holdings Pte Ltd. / New Millennium Iron Corp.
- LabMag

New Millennium Iron Corp.
- Perault Lake

Cap-Ex Iron Ore Ltd.
- Block 103

Century Iron Mines Corporation / Altius Resources Inc.
- Astray/Grenville

NL Government
- Julienne Lake

North Atlantic Iron Corp./Petmin Limited/ Cardero Resource Corporation Ltd.
- Churchill River

Mamba Minerals/Altius
- Snelgrove Lake

Sokoman Iron
- Iron Horse

Beaufield Resources
- Schefferville

New Millenium Iron Corp.
- Howells Lake

Inactive Mines

Wabush Mines
- Scully Mine

Source: Department of Natural Resources

the Baie Verte area (including the Little Deer project with Thundermin Resources Inc.) as well as conducting further exploration at its Ming Mine. The mine currently employs 170 people.

Anaconda Mining Inc. began gold production in 2008 at its Pine Cove mine near Baie Verte. Shipments of about 15,000 ounces of gold were reached in 2013 and the company expects that the improvements in throughput at the mill will increase shipments over the next five years. Employment at the project is approximately 70 person years.

The Teck Duck Pond copper-zinc mine is located in central Newfoundland. In 2013, copper and zinc production were 14,000 tonnes and 12,700 tonnes, respectively. This compares with production of 14,100 tonnes and 19,500 tonnes, respectively, in 2012. Teck had been conducting exploration in an attempt to extend the life of the mine; however, a drilling program on the Lower Duck deposit determined that the deposit would not be economic to mine. Therefore, the mine and mill will close as scheduled in the first half of 2015. Reserves of the Duck Pond mine will be exhausted at that time. The operation employed approximately 390 people in 2013.

Other mines in the province, such as Atlantic Minerals (limestone/dolomite) and Trinity Resources (pyrophyllite), expanded their production in 2013.

New Developments

Mineral development activity continues to be centered on iron ore, mainly in Western Labrador.

Alderon is advancing the Kamistiatusset (Kami) iron ore project located in western Labrador near Labrador City and Wabush. The company has raised about $230 million in financing and has awarded the engineering and procurement contract for the project. The project was released from environmental assessment in the first quarter of 2014. Capital costs are expected to be about $1.3 billion with the majority of construction taking place in 2014 and 2015. Operations are anticipated to begin in 2016 with shipments of six to seven million tonnes. Once fully operational, the project is expected to ship about eight million tonnes per year and employ 380 people annually. Alderon recently entered into a Power Purchase Agreement with the Provincial Gover ıent which will provide the necessary power for the Kami project. This agreement was signed on the heels of the Provincial Government's decision to construct a third transmission line from Churchill Falls to Labrador West.

New Millennium Iron Corp. and Tata Steel announced in March 2011 that a $50 million feasibility study had begun for the venture's two taconite deposits in Labrador and Quebec. The study was initially anticipated to take between 18-21 months but has not yet been released. Previous studies, published in 2006 and 2009, projected annual production at both deposits at 22 million tonnes, comparable to IOC's operation in Labrador West. The project is not yet registered but the companies expect to submit an environmental impact study in 2014.

Labec Century Iron Ore Inc. (Labec) registered the Joyce Lake iron ore property for environmental assessment in October 2012. The Joyce Lake property is part of the larger Attikamagen project that straddles the Newfoundland and Labrador/Quebec border about 20 kilometres northeast of Schefferville. The project could produce up to 12 million tonnes of direct shipping iron ore over a mine life of about six years. About 75 construction jobs and up to 265 operating positions could be created.

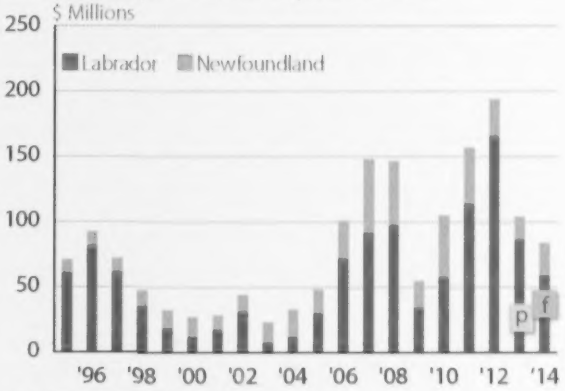
Newspar continues its efforts to reactivate the underground fluorspar mine located at St. Lawrence on the Burin Peninsula. The company is an equal partnership between Canada Fluorspar Inc. (CFI) and Arkema (a multinational French chemical company). Newspar plans to develop two previously mined deposits, complete upgrades to the existing mill, and construct a tailings management facility and new marine terminal. In January 2013, CFI announced the results of a new preliminary feasibility study which projects annual production of 131,000 tonnes and a mine life of 14 years. Pre-production capital costs are estimated at about $154 million while total capital costs over the life of the mine are $226 million. Estimated operating costs have increased from $208/tonne in the original feasibility study to $231/tonne.

Exploration

Exploration expenditures are estimated to have been about $104 million in 2013, down from $194 million in 2012 (see chart). The major commodities of exploration interest were iron ore, base metals, gold and fluorspar.

In October 2012, the Provincial Government announced a Call for Expressions of Interest to seek proposals for the development of the publicly-owned Julienne Lake iron ore deposit in western Labrador. The province conducted a $2.6 million exploration program on the deposit over the last few years. The results of the exploration define a world-class resource consisting of over one billion tonnes of iron ore with at least 33% iron content. The Provincial Government received detailed development proposals for the deposit from industry and expects to award conditional mineral rights soon.

Mineral Exploration Expenditures



p: preliminary; f: forecast

Source: Department of Natural Resources

Outlook 2014

Mining

- Mineral demand is expected to remain relatively strong in 2014.
- Iron ore prices are expected to decline somewhat as new global supply comes on stream.
- The value of mineral shipments is expected to increase about 2% to $3.8 billion on the strength of higher iron ore production.
- An increase in iron ore shipments is expected as IOC increases output and the Tata Steel Minerals Canada Ltd. ramps up production.
- Construction on Alderon's $1.3 billion iron ore project (Kami) is expected to commence.
- Development of Vale Newfoundland and Labrador's nickel processing plant at Long Harbour will continue with pre-operational construction work and commissioning of Phase 1 to capacity.
  - First nickel is expected to be produced this year from imported nickel matte.
  - Construction of Phase 2 is expected to take 18 months to complete.
- Work will continue on VNL's underground mine study.
- Exploration expenditures are expected to decrease about 19% to $84 million.

Forestry and Agrifoods

Newsprint

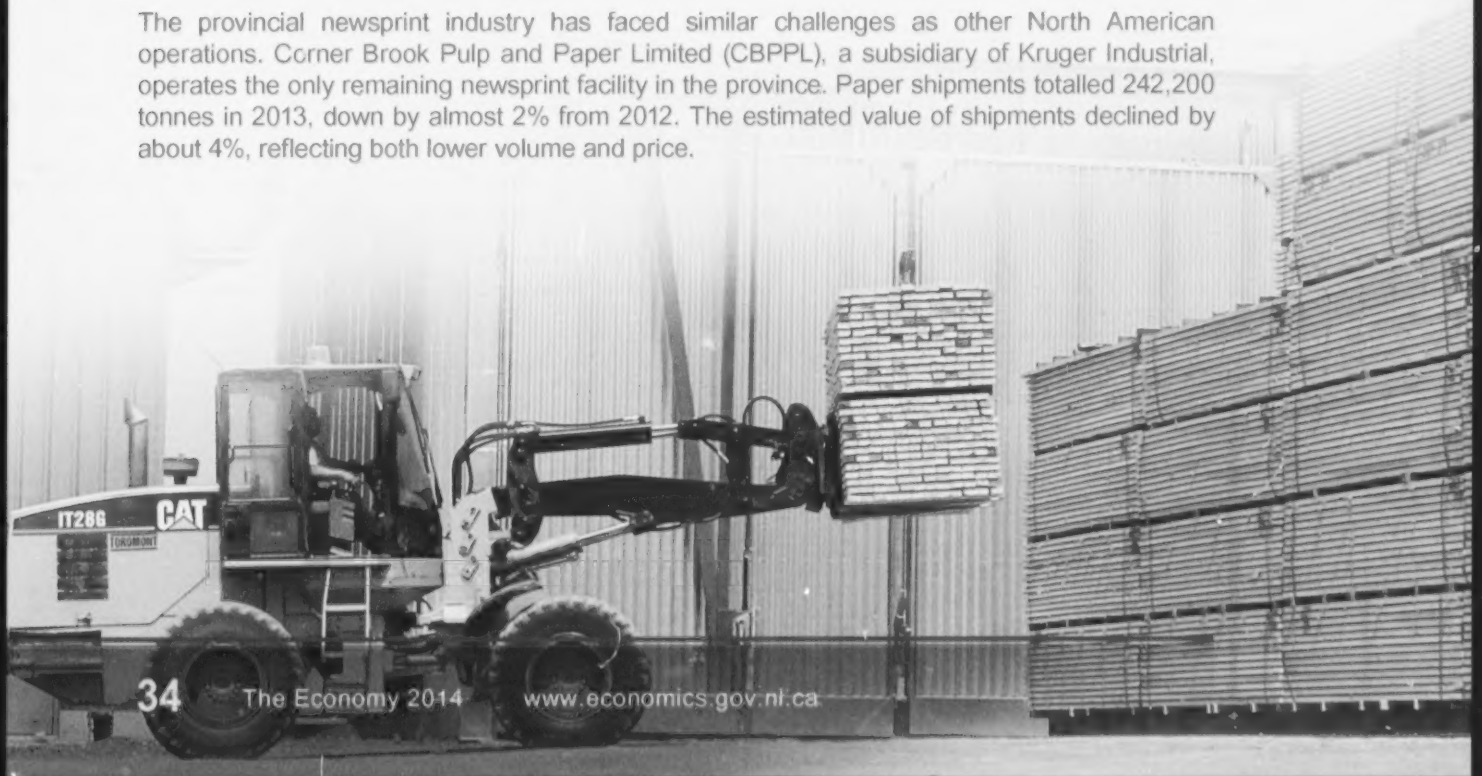
North American Industry

North American newsprint producers continued to experience weak market conditions in 2013. Newsprint shipments declined 3.8% for the year compared to 2012, primarily due to lower demand in the United States. Shipments to destinations outside North America were up 11.4% over the period. However, these markets (which include Latin America, Western Europe and Asia) only account for about one-third of all North American shipments and the gains did not offset declines in the United States.

Newsprint markets continue to be challenged by the growing popularity of electronic media. In 2013, North American newsprint demand was less than five million tonnes, down from 13 million tonnes in 2000. Prices for newsprint also experienced a significant decline during the last recession (see chart). In recent years the industry had been limiting supply to keep prices stable at around US$640/tonne but this tactic faltered in 2013 and prices dipped to around US$600/tonne. For Canadian producers, this decline was partially offset by the decline in the Canadian dollar with respect to the U.S. dollar later in the year.

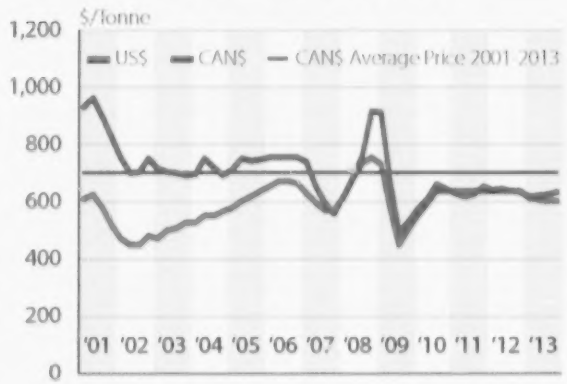
Newfoundland and Labrador Industry

The provincial newsprint industry has faced similar challenges as other North American operations. Corner Brook Pulp and Paper Limited (CBPPL), a subsidiary of Kruger Industrial, operates the only remaining newsprint facility in the province. Paper shipments totalled 242,200 tonnes in 2013, down by almost 2% from 2012. The estimated value of shipments declined by about 4%, reflecting both lower volume and price.



Kruger has been assessing the viability of the Corner Brook mill in conjunction with the implementation of cost-cutting measures. In late 2013, the company completed contract negotiations with all unions supplying services to its operations in Newfoundland and Labrador. In February 2014, the Provincial Government and CBPPL announced that they had signed a loan agreement and a power assets and water rights purchase agreement. CBPPL will be provided with a fully repayable loan up to $110 million that is secured by a mortgage on the company's power assets and water rights, including the Deer Lake Power Plant and Watson's Brook Power Plant. The Provincial Government will purchase the power assets, water rights, and related rights to the power assets if the mill closes. These agreements will enhance the sustainability of the mill. Rebalancing the operations of the mill is not only important to the Corner Brook region, it also has implications for the sawmill industry which exchanges raw material with the paper mill for mutual benefit.

North American Newsprint Prices



Source: TD Financial Group; Bank of Canada; Department of Finance

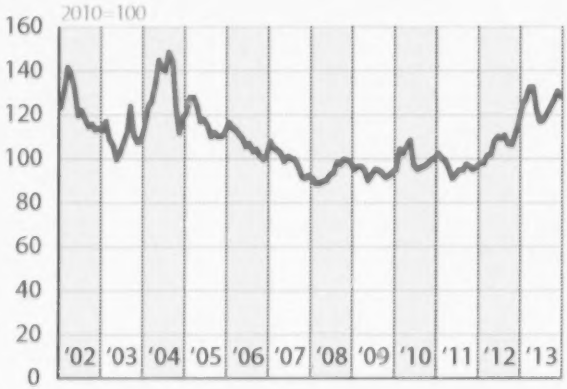
Lumber Production

The North American lumber industry continues to make gains due to a gradual improvement in U.S. housing starts and a strong renovation market. Lumber prices, while volatile, continued to increase in 2013 (see chart). For the year, prices averaged US$446/thousand board feet, up about 18% from 2012. Prices were even higher after exchange rate adjustments — the average price for lumber in Canadian dollars was up approximately 22% in 2013 over the previous year.

Canadian lumber production totalled 23.2 billion board feet during the first 11 months of 2013, up 5.3% over the same period in 2012. British Columbia accounted for about one half of this production. Canada exported 15.4 billion board feet of lumber during the January to November 2013 period, up 15.0% over the same period in 2012. Major global markets were the U.S. (66%) and China (20%).

Canadian Softwood Lumber

Factory Price Index



Source: Statistics Canada

In Newfoundland and Labrador, high transportation costs associated with importing lumber gives domestic producers a competitive advantage within the province. In addition, solid levels of residential construction investment in recent years have made the local market a lucrative one for

provincial lumber producers. Lumber production is estimated to have reached 79.8 million board feet in 2013, up about 2% from 78.1 million board feet in 2012. It is estimated that the industry sells about 65% of its products in the local market with the remainder sold in the Maritimes and U.S. eastern seaboard markets.

Several large, integrated sawmills account for most of the local lumber production. Producers have been investing to capitalize on the solid demand for lumber. For example, Burton's Cove Logging and Lumber Limited in Hampden recently completed a major expansion to improve productivity. Expansion activities included the establishment of a new single line for lumber production, a mechanized system for sorting logs, and installation of a dry kiln. In 2012, the company produced about 8.5 million board feet mainly for the local market. Last year production increased to approximately 12 million board feet, with an overall goal to reach 20 million board feet in several years. Some of this increased production is replacing imported lumber at several wood pressure treating companies in the province.

Future Development

In February 2013, the Department of Natural Resources issued a Call for Expressions of Interest (EOI) to develop some of the central Newfoundland timber resources formerly held by AbitibiBowater prior to the closure of the Grand Falls-Windsor mill in 2009. The unallocated wood supply available for development is 280,000m^3/year. The EOI closed at the end of March last year and a number of proposals were submitted. This process has now been narrowed to one proposal which is currently under review.

Agrifoods

Farm Cash Receipts

Provincial farms reported receipts totalling $107.5 million during the first three quarters of last year, up 6.7% from the same period in 2012. Livestock and livestock products, which accounted for about 87% of total receipts during this period, were up by 7.2% to $94.1 million. This increase was mainly driven by higher fur sales, which totalled $21.6 million, up 30.3% over the same period of 2012. This reflected higher production and pelt prices. Farm cash receipts from chicken are not available due to confidentiality restrictions, but data from the Chicken Farmers of Canada indicates that the volume of chicken produced in the province last year totalled 13.9 million kilograms, up 0.5% from 2012. Total crop production receipts increased from $11.8 million during the first three quarters of 2012 to $13.2 million over the same period last year, a gain of 11.8%. The bulk of this growth was due to higher receipts in the floriculture, nursery and sod products category.

Agriculture Snapshot

In 2012, Statistics Canada released the results from the 2011 Census of Agriculture. Below are some highlights for this province.

- There were 510 farms in the province in 2011, down from 558 in 2006, a decline of 8.6%. The number of farms declined in every province since 2006 except Nova Scotia, where they increased 2.9%. Nationally, the number of farms declined by over 10%, the continuation of a long-term trend.
- Although there were fewer farms in the province, total revenue increased. The province's gross farm receipts in 2010, the year prior to the census, totalled $137.6 million, up 11.5% in real terms from 2005. At the national level, farm receipts grew by 3.9% in real terms over the period.
- Most farms in the province were relatively small in terms of revenues. In 2010, larger farms reporting revenues of $500,000 or greater represented only 9.4% of all farms; however, they accounted for over 80% of total farm receipts.
- The number of farms with revenues of $500,000 (2010 constant dollars) or greater grew 4.3% in between 2005 and 2010, while farms with revenues less than $500,000 declined 9.8%.
- Farm area in the province declined from 89,441 acres in 2006 to 77,349 acres in 2011. In 2011, about one-third of this acreage was pasture land, about one-quarter was cropland, and the remainder consisted of a number of uses including land for Christmas trees, woodlands, wetlands and unplanted lands. Most of the cropland was reported as producing hay (76.2%), followed by field crops such as corn for silage (7.9%) and fruit (6.9%). The largest fruit areas were blueberries, cranberries and strawberries. Sod and nursery accounted for 4.6% of the cropland, and vegetables accounted for 4.3%.
- The average age of farm operators in the province in 2011 was 55.0 years compared with 52.3 years in 2006. Nationally, the average age of farm operators was 54.0 years, up from 52.0 in 2006.
- In 2011, 23.3% of provincial farm operators were women, while nationally the percentage was 27.4%.
- In 2010, about 52% of farms reported having paid labour. The census counted 1,395 paid employees, of which about 67% were seasonal or temporary.

Source: Statistics Canada, 2011 Census of Agriculture, Provincial Trends: Newfoundland and Labrador

Outlook 2014

Forestry and Agrifoods

- Declining demand and excess supply in the North American newsprint industry are expected to keep downward pressure on prices. Newsprint prices are expected to hover around US$600/tonne, although the lower Canada/U.S. exchange rate should provide some relief for Canadian producers.
- Newsprint shipments from Newfoundland and Labrador are expected to be around 245,000 tonnes, up about 1% from 2013.
- North American lumber prices are expected to continue to trend upward with prices averaging US$460/thousand board feet, up about 3% over 2013. Canadian producers may make further gains because of the lower Canada/U.S. exchange rate.
- Lumber production in this province is anticipated to increase slightly reaching approximately 87 million board feet, reflecting recent increases in capacity by some sawmills.
- Farm cash receipts are expected to continue to post modest gains.

Fishery and Aquaculture

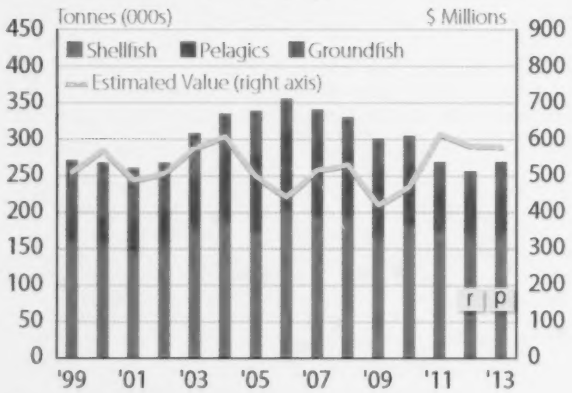
The fishing industry is an important driver of economic activity in the province, particularly in rural areas. The industry accounted for 1.6% of the province's total GDP in 2012 and comprised 3.3% of total employment in 2013.

The fishery recorded a relatively good year in 2013. The volume of fish landings increased by almost 5% and both the volume and value of aquaculture production increased significantly. On the downside, raw material prices for the two most important species, crab and shrimp, declined somewhat last year. The number of people deriving income from the seafood industry decreased to about 18,400 workers in 2013, down 8.1% from 2012. This was the result of fewer individuals working in both the harvesting and fish processing sectors.

Capture Fisheries

Traditional fish landings totalled almost 269,000 tonnes in 2013, rising 4.9% compared to 2012 (see chart). This increase was the result of higher landings of groundfish and pelagics. The corresponding landed value decreased slightly from $582 million to $579 million, as lower raw material prices, particularly shrimp and crab, more than offset the increase in landings.

Capture Fishery Landings



r: revised; p: preliminary

Source: Fisheries and Oceans Canada; Department of Fisheries and Aquaculture

Shellfish

Shellfish landings decreased a modest 1.1% in 2013 to about 168,400 tonnes, while landed value declined 4.3% to $463 million (see table). Shrimp landings were down 2.0%, while the corresponding landed value decreased 4.5%. Snow crab landings remained essentially on par with 2012, while the corresponding landed value decreased 3.6%. The declines in value for both shrimp and snow crab were the result of lower raw material prices. The minimum raw material price for the Spring shrimp fishery was $0.65/pound in 2013, down from $0.76/pound in 2012. The average raw material price paid for snow crab was $1.87/pound in 2013, compared to $1.95/pound in 2012.

Capture Fishery Landings and Landed Value						
	2012 Revised		2013 Preliminary		% Change 2012/2013	
SPECIES	Volume (tonnes)	Value ($000s)	Volume (tonnes)	Value ($000s)	Volume	Value
Shrimp	85,583	196,276	83,878	187,418	-2.0%	-4.5%
Snow Crab	50,463	216,921	50,806	209,210	0.7%	-3.6%
Other Shellfish	34,227	70,563	33,699	66,518	-1.5%	-5.7%
SHELLFISH	**170,273**	**483,760**	**168,383**	**463,146**	**-1.1%**	**-4.3%**
Turbot	10,512	50,209	10,981	52,654	4.5%	4.9%
Cod	8,334	9,425	8,066	9,061	-3.2%	-3.9%
Redfish	1,330	2,250	2,999	5,510	125.5%	144.9%
Flounders	2,972	3,889	10,001	14,074	236.5%	261.9%
Other Groundfish	3,851	12,661	3,369	12,869	-12.5%	1.6%
GROUNDFISH	**26,999**	**78,434**	**35,416**	**94,168**	**31.2%**	**20.1%**
Capelin	31,153	6,656	30,070	6,628	-3.5%	-0.4%
Herring	24,919	8,239	29,575	9,780	18.7%	18.7%
Mackerel	2,619	1,989	5,145	2,496	96.4%	25.5%
Other Pelagics	130	943	57	484	-56.2%	-48.7%
PELAGICS	**58,821**	**17,827**	**64,847**	**19,387**	**10.2%**	**8.8%**
Seals (Number)	67,567	1,517	88,644	2,666	31.2%	75.7%
TOTAL	256,093	581,538	268,646	579,367	4.9%	-0.4%

Source: Fisheries and Oceans Canada; Department of Fisheries and Aquaculture

Groundfish

Groundfish landings totalled approximately 35,400 tonnes in 2013, up 31.2% relative to 2012. This increase was the result of more fishing effort for flounder and redfish. Flounder catches more than tripled in 2013, while redfish landings more than doubled. Cod landings were down 3.2%; lower landings in NAFO Division 3Ps were partially offset by an increase in landings in NAFO Division 2J3KL.

Pelagics

Pelagic landings increased 10.2% to just over 64,800 tonnes in 2013 on the strength of higher herring and mackerel landings. The corresponding landed value increased 8.8% to over $19 million compared to 2012. Herring landings increased 18.7%, due to increased catches in the Gulf of St. Lawrence. Mackerel landings nearly doubled as a result of the increased availability of commercial sized fish. Capelin landings declined 3.5% to 30,070 tonnes.

Seals

The number of harp seals harvested increased 31.2% to 88,644 animals, as a result of increased harvesting effort. The corresponding landed value increased 75.7%, reaching $2.7 million, as

prices increased significantly. The average price per pelt rose from $22.46 in 2012 to $27.23 in 2013.[3] Access to markets, particularly in China and the European Union (EU), remains a significant challenge for the sealing industry. Appeal efforts at the World Trade Organization and the European Court of Justice case could resolve the European ban on seal products.

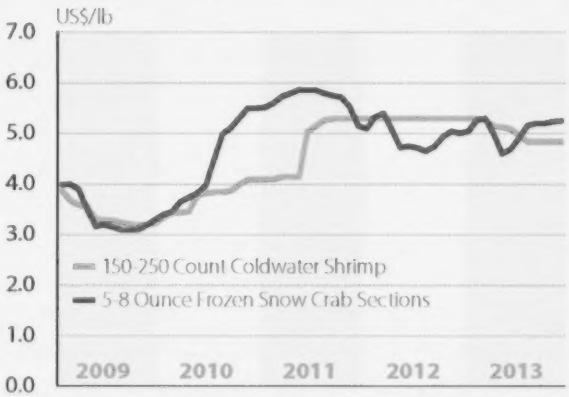
Processing and Marketing

Seafood production totalled approximately 147,100 tonnes in 2013, up 5.1% from 2012. There were 86 active processing operations in the province in 2013, down from 99 in 2012. Of the 86 processors operating in 2013, 70 were primary processing facilities, two were secondary, three were aquaculture and 11 were retail.

Seafood exports totalled 133,000 tonnes in the January to November 2013 period, valued at approximately $780 million. Both volume and value increased in comparison to 2012, up 3.6% and 6.4%, respectively. The United States was the largest market for Newfoundland and Labrador seafood, accounting for 39.9% of total export value, while China accounted for 20.1%. Other major markets included the United Kingdom (6.3%), Russia (5.9%), Vietnam (4.7%) and Denmark (4.7%).

Snow crab accounted for the highest value of all Newfoundland and Labrador seafood exports in 2013. The total export value for snow crab was over $351 million in the January to November period. The United States remained the largest export destination for the province's snow crab, accounting for 68.1% of export value, with China following at almost 24%. China remains a major reprocessing destination for snow crab, with finished products ultimately exported to Japan and other markets such as the United States and Europe. Market prices for snow crab were strong in 2013 (see chart). According to Urner Barry Publications Inc., the average price for 5-8 ounce snow crab sections was US$5.06/pound in 2013, up 2.6% from 2012.

Monthly Shrimp and Crab Market Prices



Source: Urner Barry Publications Inc.; Department of Fisheries and Aquaculture

The value of shrimp exported between January and November of 2013 was over $225 million. The major markets for cooked and peeled shrimp by value were the United Kingdom (46.7%), the Netherlands (18.2%), the United States (17.7%) and Denmark (11.4%). The average market price for 150-250 count cooked and peeled shrimp was US$5.04/pound, down 4.9% from 2012 (see chart).

On October 18, 2013, Canada and the European Union signed an Agreement-in-Principle on a Comprehensive Economic and Trade Agreement (CETA). This agreement is expected to create

3 Department of Fisheries and Oceans (DFO) data for marine mammals is used for the landed seals price per pelt. DFO is no longer separating the volume and value of different seal types. The NL harvest primarily catches beater seals; however, ragged jacket seals (which have a lower value than beaters) are included in this average.

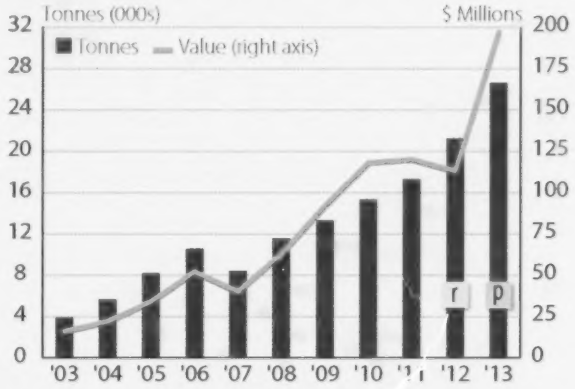
substantial benefits for the provincial seafood industry. Over 99% of fish and seafood tariff lines relevant to Newfoundland and Labrador will effectively become duty free once CETA comes into effect (in approximately two years). CETA will include transitional quotas for cooked and peeled shrimp of 23,000 tonnes annually and frozen cod fillets of 1,000 tonnes annually, with no end-use restrictions. These products will enter the EU duty free up to the set quotas and the existing tariffs will be phased out over seven years. At this point, tariffs on cooked and peeled shrimp and frozen cod fillets will be eliminated and there will be no quota restrictions on these products entering the EU. The elimination of tariffs could generate an estimated $25 million in additional revenue annually. In addition, CETA will facilitate the creation of new value-added and branded seafood products for European markets. Combined with new market development opportunities, this could result in an estimated additional $100 million in revenue annually to the industry according to the Department of Fisheries and Aquaculture.

Aquaculture

The Newfoundland and Labrador aquaculture industry continued to grow in 2013. Preliminary data shows that production volume rose 25.1% to about 26,600 tonnes (see chart). Total market value increased 74.3% from $113 million in 2012 to $197 million last year, largely the result of higher Atlantic salmon production and stronger market prices.

There were 87 commercial salmonid site licences in 2013, covering a combined area of 2,376 hectares. Salmonid production reached just under 22,200 tonnes in 2013, valued at $182 million. This represents an increase in production volume of 31.9% over 2012 levels, while value grew 83.8%.

Aquaculture Production and Value



r: revised; p: preliminary

Source: Department of Fisheries and Aquaculture

Mussel production volumes remained stable in 2013, after reaching an all-time high in 2012. In 2013, almost 4,400 tonnes of mussels were produced, down 1.0% over 2012, while production value increased 7.1% to $15 million. There were 53 commercial shellfish site licences that covered a combined area of 4,162 hectares in 2013.

Early in 2013, the Newfoundland and Labrador mussel sector was the first in North America to receive organic aquaculture certification. In addition, it was announced in January 2014 that the Norlantic Processors Ltd. mussel processing plant in Notre Dame Bay was the first operation in the world to receive the Best Aquaculture Practices (BAP) certification.[4] Acquiring BAP certification is a competitive advantage in the marketplace, and this certification is only granted to the highest quality seafood.

4 BAP certification requires independent audits of all aspects of operations to determine compliance with a comprehensive set of international standards. Areas assessed include environmental responsibility, social impacts and food safety. BAP standards are developed by the Global Aquaculture Alliance.

Outlook 2014
Fishery & Aquaculture

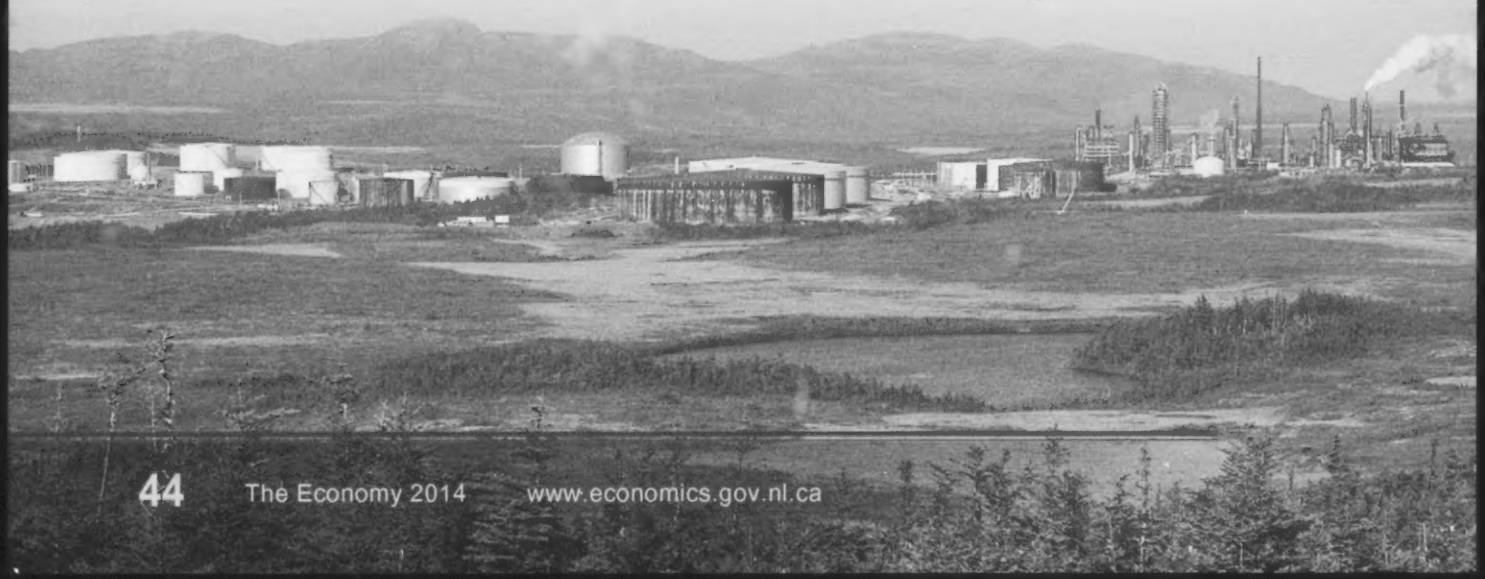
- Fish landings in the province are projected to remain relatively on par with 2013. Quota reductions in some fisheries, such as northern shrimp, will likely be offset by increased landings in the groundfish sector. A depreciating Canadian dollar relative to the currency of major trading partners will likely facilitate higher revenues.
- Demand for seafood is expected to remain strong in 2014, as consumers are increasingly attracted by the health benefits of seafood consumption. This trend is expected to continue to influence markets positively.
  - Markets for shell-on coldwater shrimp are anticipated to remain strong in China and Russia.
  - Market prices for snow crab in the United States are expected to maintain a normal seasonal pattern.
- Newfoundland and Labrador aquaculture production is expected to decline in 2014; however, it is anticipated that over the medium to long term production will meet or exceed current levels.
  - Market prices for Atlantic salmon are anticipated to remain strong in 2014, based on minimal growth in production volumes globally.
  - Mussel production is expected to decline slightly in 2014; however, market prices are expected to remain at 2013 levels.

Manufacturing

Newfoundland and Labrador's manufacturing industry contributed about $951 million to nominal GDP in 2012, accounting for roughly 3% of total provincial GDP. In 2013, manufacturing employment represented over 5% of total employment in the province. While there are many manufacturers in the province producing a wide variety of products, the majority of manufacturing output is concentrated in three areas: refined petroleum, food processing (primarily fish), and newsprint.

Manufacturing shipments totalled more than $6.2 billion in 2013, representing a decline of 11.8% compared to 2012 (see chart). This decrease mainly reflected a drop in the value of refined petroleum products manufactured at the province's only oil refinery in Come by Chance. Over the same period, the value of national manufacturing shipments fell less than 1%.

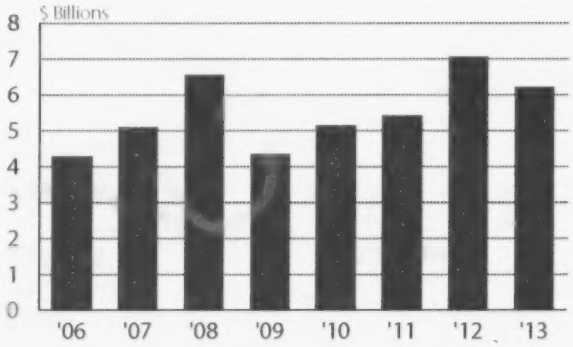
Harvest Operations Corp., owner of the North Atlantic refinery, reported the value of sales of refined petroleum products decreased 7.1% in 2013 relative to 2012. This decline in value was the result of lower average production and lower prices for refined petroleum products. Harvest concludes that the drop in production at the refinery was a consequence of isomax and crude unit outages in October, a four-week sulphur recovery unit and hydrocracker unit outage in July, an unplanned two-week outage in February due to a power failure during a storm, and reduced rates following this outage due to weak economic conditions in the second quarter. Additionally, Harvest Operations Corp. reported an operating loss of $691.1 million in 2013 as the gross margin fell from US$4.87/barrel as of December 31, 2012 to US$1.07/barrel a year later. The lower gross margin was a consequence of higher feedstock and operating costs as well as the change in yield composition. Capital expenditures at the refinery for 2013 totalled $53.2 million and included the purchase of a compressor, partial change-out of the isomax catalyst, crude tank recertification, and turnaround planning and preparation costs. In 2013, the Korea National Oil Corporation, which owns Harvest Operations Corp., expressed an interest in selling the North Atlantic refinery. Moreover, it was reported in January 2014 that the Swiss Klesch Group is considering buying the



North Atlantic refinery and has hired Deutsche Bank to conduct the necessary due diligence on a possible purchase.

Fish processing continues to play a significant role in Newfoundland and Labrador's manufacturing industry. The value of seafood product exports totalled $780 million in the first eleven months of 2013, representing an increase of 6.4% from the same period in 2012. This growth can be attributed to higher average market prices for some species and increased aquaculture production (see *Fishery and Aquaculture*).

Manufacturing Shipments



Source: Statistics Canada

Paper product shipments from Corner Brook Pulp and Paper Limited fell to 242,200 tonnes in 2013—down almost 2% relative to 2012. The estimated value of paper product shipments declined around 4% from 2012 (see *Forestry and Agrifoods*).

Employment in the manufacturing industry averaged approximately 12,100 in 2013, representing an increase of 7.1% compared to 2012. Fish processing employment declined by around 900 as a result of continuing consolidation in the industry, including the closure of a number of processing facilities throughout the province. Manufacturing employment excluding fish processing grew by more than 1,700 due to the development of various major projects in the province and the associated fabricated metal manufacturing. In 2013, fabricated metal manufacturing shipments totalled more than $151 million, representing 2.4% of the total value of provincial manufacturing shipments.

Labour income in the manufacturing industry increased 4.9% in 2013 relative to 2012. This growth is the result of wage gains and a change in the distribution of manufacturing employment towards higher paying jobs. Nationally, manufacturing labour income rose only 1.1% over the same time frame.

Investment in manufacturing remained robust in 2013. Capital expenditures in manufacturing totalled more than $1.3 billion of which the bulk was used to advance the development of Vale Newfoundland and Labrador's nickel processing plant in Long Harbour. Vale Newfoundland and Labrador spent nearly US$1.1 billion on the nickel processing facility in 2013 and the total capital cost for the plant is estimated at US$4.25 billion (see *Mining*).

The new construction schedule for Vale Newfoundland and Labrador's nickel processing facility is now divided into two phases. Phase 1, completed October 2013, involved a partial commissioning of the plant by focusing on components required to process a low impurity matte feed shipped into the province from Indonesia. While operating with the matte feed, construction will continue throughout 2014 and into 2015 to integrate the remaining components required to process Voisey's Bay concentrate. Employment estimates at the plant during the operational stage are 475 people.

Advancements continue to be made in other segments of Newfoundland and Labrador's manufacturing industry:

- The Gravity Based Structure (GBS) construction for the Hebron project began at the Bull Arm construction site in October 2012, while topsides fabrication for the project began in 2013. As of December 31, 2013, around 2,600 individuals were employed at this site and it is expected that construction and fabrication activities for the project will proceed for several years.
- Work on a drilling support module for the Hebron project began in 2013 at Peter Kiewit's Cow Head fabrication facility in Marystown. It has been estimated by Kiewit Offshore Services that work on the drilling support module will last roughly two years and employment could reach about 350 manufacturing jobs.
- Husky Energy began construction on a new drydock site at the former naval base in Argentia that will be used to fabricate a concrete wellhead platform for the West White Rose project. In the future, this site will have the potential to be used for similar work and to complete emergency or refit work on offshore drilling rigs.
- The Port Harmon Industrial facility in Stephenville is in the process of being renovated to accommodate fabrication opportunities related to the offshore oil industry, specifically the Hebron project. The upgrades and renovations are projected to employ up to 100 individuals and cost between $2.7-$3.0 million.
- Gander Aerospace Manufacturing Inc. is undergoing an expansion of its maintenance, repair and operations services. The expansion is expected to create up to 50 new manufacturing positions.

Outlook 2014
Manufacturing

- The value of provincial manufacturing shipments is expected to increase moderately in 2014 as Vale Newfoundland and Labrador starts production at its nickel processing plant.
- The recent depreciation of the Canadian dollar with respect to the U.S. dollar, the euro and other major currencies should benefit local manufacturers.
- Newsprint production is anticipated to increase slightly.
- Fabricated metal manufacturing will continue to benefit from developments in the oil industry.
- Manufacturing investment is expected to decline by almost 50% to $690.5 million as construction of Vale Newfoundland and Labrador's nickel processing facility nears completion.
- Vale Newfoundland and Labrador will focus on the completion of pre-operational construction work at the Long Harbour nickel processing plant in 2014.
- Harvest Operations Corp. anticipates spending approximately $139 million on capital expenditures at the North Atlantic refinery in 2014.

Real Estate

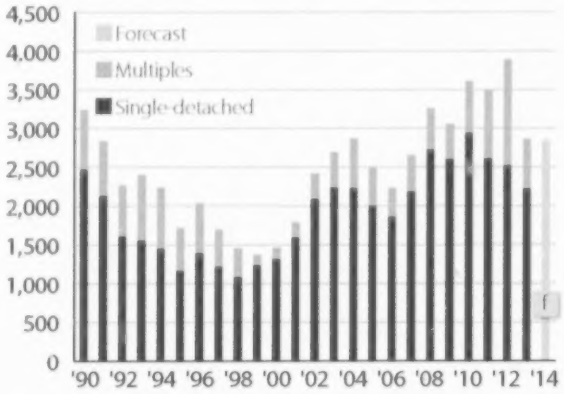
The real estate market remained active in 2013, although growth moderated for some indicators. Housing starts fell considerably compared to 2012, driven mainly by fewer multiple starts. While residential sales declined following several years of significant growth, commercial activity continued to thrive in response to the province's strong economic performance. The average housing price in the province increased relative to 2012, but at a slower pace than in the previous year. Increased demand for office space led to increased rental rates and new construction of commercial properties, particularly in the St. John's Census Metropolitan Area (CMA).

Housing Starts

Housing starts totalled 2,862 units in 2013, a decrease of 26.3% compared to 2012 (see chart). By comparison, starts were down 15.6% in the Maritimes and 12.5% in Canada. The decline in starts across the country reflects, in part, the tightening of mortgage regulations over the past five years as well as higher mortgage rates in the latter half of 2013.

Most of the province's housing is comprised of single-detached residences. Single starts declined 11.8% to 2,225 units in 2013. Multiple starts (which include denser housing types such as row, semi-detached homes, apartments and condominiums) fell by 53.2% to 637 units, after reaching uncharacteristically high levels in 2012. The St. John's CMA is the largest market in the province, particularly for multiples. Multiple starts in the St. John's CMA were 491 units in 2013, a decline of 43.0% compared to 2012.

Housing Starts



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Source: Statistics Canada; Department of Finance

Urban housing starts (which account for approximately two-thirds of housing starts in the province) were down 20.4% to 2,024 units last year, while rural starts were down 37.5% to 838 units.

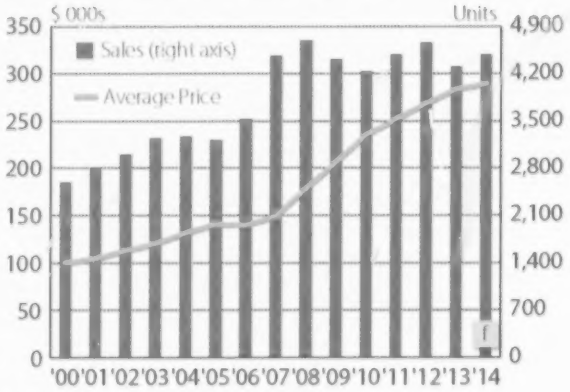
Residential Sales

The number of residential properties sold in the province through the Canadian Real Estate Association's Multiple Listing Service (MLS®) fell 7.5% to 4,303 units in 2013 (see chart). Nationally, residential resales rose 0.8% compared to 2012.

The average MLS® residential price in the province was approximately $283,100 in 2013, an increase of 5.3% compared to 2012. Nationally, the average MLS® residential price also grew by 5.3%. In the St. John's CMA, the 2013 average MLS® residential price was about $301,300, an increase of 5.5% over the previous year.

Consistent with higher prices in recent years, new listings grew by 8.0% percent in 2013. The ratio of sales-to-active listings, however, fell from about 50% in 2012 to 43% in 2013. Declining sales most likely helps explain the slower price growth last year.

Residential MLS® Sales and Average Price



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Source: Canadian Real Estate Association

Affordability

Residential real estate prices in Newfoundland and Labrador have increased dramatically. Since 2005, the average house price in this province has grown by over 9% per year, second only to Saskatchewan. In 2013, the number of MLS® sales moderated, but the average sale price continued to rise. This price growth poses challenges for buyers and renters and raises the question of affordability. A common measure to gauge changes in housing affordability over time and between jurisdictions is the ratio of house prices to household income.[5] Housing in Newfoundland and Labrador is still more affordable than a number of other provinces (see table).

Housing Affordability Ratio*

	2005	2009	2011	2012	2013**
CA	5.05	5.20	5.78	5.52	5.71
BC	6.10	7.37	9.17	8.16	8.64
ON	4.70	4.89	5.50	5.56	5.76
QC	4.27	4.22	4.82	4.70	4.63
AB	4.78	4.60	4.48	4.29	4.31
NL	3.70	3.89	4.21	4.12	4.08
SK	3.35	3.81	3.98	4.00	4.03
MB	3.07	3.54	4.02	3.95	3.99
NS	3.74	3.79	3.94	4.02	3.84
NB	2.79	2.92	2.96	2.89	2.85
PE	2.50	2.64	2.72	2.68	2.64

* Average Residential Price to Average Family Income Ratio, $2011

**2013 income estimated using historical growth rates

Source: Canadian Real Estate Association (CREA); Statistics Canada; Department of Finance

5 This is a simple measure used to compare affordability for the average household across jurisdictions. It should not be confused with individual affordability.

Rental Market

Residential vacancy rates in Newfoundland and Labrador continued to be low in 2013. The province's average vacancy rate was 2.7% in October 2013, up half a percentage point from October 2012. Vacancy rates varied throughout the province but all urban areas recorded very low rates. Rates were near zero in the Corner Brook area, while vacancy rates were 1.2%, 2.2% and 3.2% in Gander, Grand Falls-Windsor and the St. John's CMA, respectively.

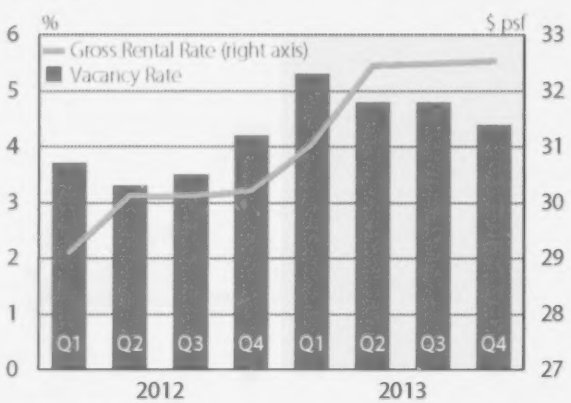
The average rent for a two-bedroom apartment in the province in October was $784, up from $725 the previous year. By comparison, the average rent for a two-bedroom apartment was higher in Prince Edward Island ($790) and Nova Scotia ($929) but lower in New Brunswick ($715). A number of factors including strong labour markets, growing incomes, continued urbanization, increasing house prices, and slowing housing starts are expected to continue to keep vacancy rates low and place further upward pressure on rental prices.

Commercial

The commercial office sector has seen significant growth in recent years in tandem with growth in the provincial economy. Total office space in St. John's CMA grew by 23.6% between 2008 and 2013 as developers responded to increasing demand.[6] The establishment of offices by oil companies and firms that support the oil industry has been the catalyst for increased demand for office space. In 2013, total office space in St. John's CMA grew by 3.0% compared to 2012.

Office Vacancy and Rental Rates

St. John's



psf: price per square foot

Source: Cushman & Wakefield Atlantic

Over the course of 2013, the office space vacancy rate in St. John's averaged 4.8%, up a full percentage point compared to 2012 (see chart). This increase reflects a large block of space becoming available in the downtown area earlier in the year at the Baine Johnston Centre and Atlantic Place. However, continued demand for office space is reflected in the average rental rate for office space in St. John's, which grew by 7.4% in 2013 to $32.10 per square foot.

6 This figure reflects only commercial office space of 10,000 square feet or larger and omits single owner-occupied commercial space.

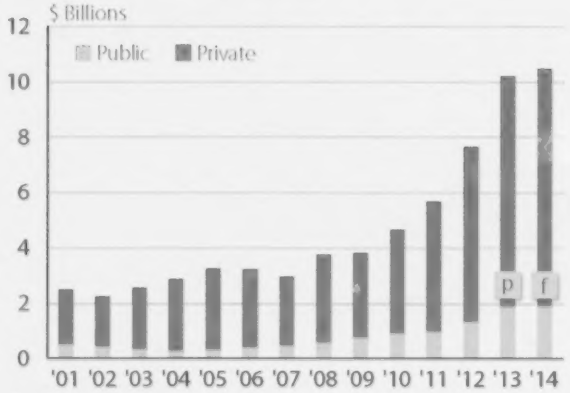
Outlook 2014
Real Estate

- The residential real estate market is expected to stabilize, following some weakness in 2013.
- Housing starts are forecast at 2,843 units, comparable to the 2,862 in 2013 and reflective of long-term levels.
- The Canadian Real Estate Association forecast sales to increase by 4.4% to 4,490 units. The residential resale price is expected to average $288,800, an increase of 2.0% from 2013.
- A number of significant commercial office developments will take place as outlined in the *Inventory of Major Capital Projects*. Some of the larger ones in the St. John's downtown core include the Scotia Centre expansion and new Fortis Building.

Construction

Newfoundland and Labrador's construction industry has experienced unprecedented levels of growth over the past six years, with record investment, employment and wages. Construction investment in the province rose to $10.2 billion in 2013, up 33.1% from 2012 (see chart), representing the strongest gain among provinces. Growth in construction expenditures was led by the private sector which accounted for approximately 80% of total construction spending. Resource-based major project activity dominated private sector spending. In addition, public sector investment (e.g. the Trans Labrador Highway, new student residences at Memorial University and Muskrat Falls) supported growth. Construction employment and wages have both doubled since 2001 and are expected to continue to perform well in the near future.

Construction Investment



p: preliminary; f: forecast

Source: Statistics Canada; Department of Finance

Investment Expenditures

Non-residential investment expenditures accounted for the largest portion of construction investment in the province (83.3% of the total in 2013). Expenditures in this sector reached $8.5 billion last year, up 45.4% from the record levels experienced in 2012. Expenditures were heavily concentrated in the mining and oil and gas extraction industries (see table). Together these industries accounted for just over half of all construction investment in the province. Some of the contributors to investment in mining and oil and gas last year included expansion of currently producing oil projects; construction of the Hebron GBS at Bull Arm; and development and expansion of iron ore mines in Labrador.

Manufacturing investment figured prominently in non-residential construction last year, with the Long Harbour nickel processing facility recording over US$1.1 billion in capital expenditures. Investment in the utilities industry was also significant, reflecting work on the Muskrat Falls project. Investment in residential construction fell by 6.4%, but remained high on a historical basis. Higher expenditures on renovations (+3.3%) were offset by lower investment on new dwellings (-10.7%). The decrease in expenditures for new dwellings is consistent with the decline in housing starts last year (see *Real Estate*). Total residential construction investment was $1.7 billion for the year.

Construction Investment by Industry ($ M)				
	2012	2013p	Actual Change	% Change
Total expenditures	**7,664.9**	**10,202.2**	**2,537.3**	**33.1**
Non-Residential	**5,842.5**	**8,496.8**	**2,654.3**	**45.4**
Mining and oil and gas extraction	3,173.7	5,492.1	2,318.4	73.1
Utilities	471.7	922.8	451.1	95.6
Educational services	144.2	118.4	-25.8	-17.9
Health care and social assistance	147.5	130.4	-17.1	-11.6
Public administration	500.6	523.2	22.6	4.5
Other	1,404.8	1,309.9	-94.9	-6.8
Residential	**1,822.4**	**1,705.4**	**-117.0**	**-6.4**

p: preliminary

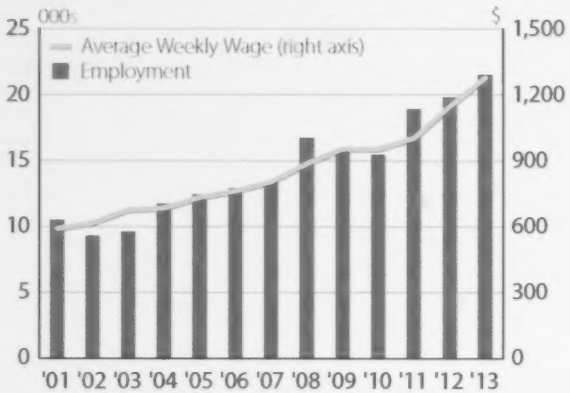
Note: Manufacturing construction investment is confidential and included in the "Other" category.

Source: Statistics Canada

Employment and Wages

The surge in construction investment in the province is reflected in the industry's labour market indicators. Construction wages have increased considerably over the past six years (see chart). Between 2007 and 2013, construction average weekly wages in Newfoundland and Labrador increased by 59.2%. In 2013 alone, wages in the industry grew by 11.4%, reaching $1,276, the second highest among provinces after Alberta. Additionally, average employment in the construction industry increased by 8.6% in 2013, reaching the highest level ever recorded in the province. Major project development as well as a number of new commercial and industrial projects, such as the hotels being constructed in St. John's, contributed to increased wages and employment.

Construction Employment and Wages



Source: Statistics Canada

Outlook 2014
Construction

- Construction investment is expected to post another strong performance in 2014 with expenditures reaching $10.5 billion.
- Non-residential construction spending is projected to reach $8.8 billion, driven by the continued advancement of major projects such as Muskrat Falls, Hebron and Kami iron ore.
- Residential investment is expected to be $1.7 billion, comparable to levels seen last year.
- About $39 billion in project spending is planned or underway in the province according to the *Inventory of Major Capital Projects* (see page 66).

Travel and Tourism

Global and National Travel

Global tourism continued to post robust growth in 2013. Worldwide international tourist arrivals increased by 5.0% compared with 2012 levels, reaching a record 1.1 billion for the year. These results were primarily driven by a strong performance in Europe and Asia, although most major regions contributed to growth.

International travel to Canada was essentially unchanged in 2013. The number of trips to Canada by non-residents was down 0.6% compared with the previous year. Visits by United States residents, the largest visitor market for the Canadian tourism industry, declined by 1.4%, offsetting gains from other markets. U.S. travel to Canada declined sharply between 2000 and 2009, before leveling off in recent years. The drop in U.S. visits over the last decade or so has been attributed to several factors including a stronger Canadian dollar, tighter border regulations and aggressive marketing competition from other destinations. The U.S. market share of international overnight arrivals to Canada has declined from 81% to about 72% over the last decade. The U.S. aside, international visitors to Canada increased from most major markets in 2013, with Asia posting the largest increase (8.1%).

Canadian hotel occupancy rates rose in 2013. The average rate for the year was 62.8%, up 1.0 percentage point (ppt.) from 2012, and the highest rate since 2008 when it averaged 63.4%. The average revenue generated per room sold last year increased by 2.2% to almost $133.

Provincial Travel

The travel and tourism industry in the province consists of residents who travel within the province and non-residents who visit the province. Together, both segments spent an estimated $1 billion in 2011.[7] The resident market is a substantial component of the province's tourism sector, generally representing between 55% and 60% of total tourism spending. Resident travel supports the province's tourism sector and infrastructure, and redistributes income throughout many regions of the province. Non-resident travel and tourism includes persons visiting the province for vacation/pleasure; to visit friends and relatives; business; or to attend a convention/conference.[8] Non-resident travel has the added benefit of attracting new income into the province.

7 Resident data for 2012 are not yet finalized.

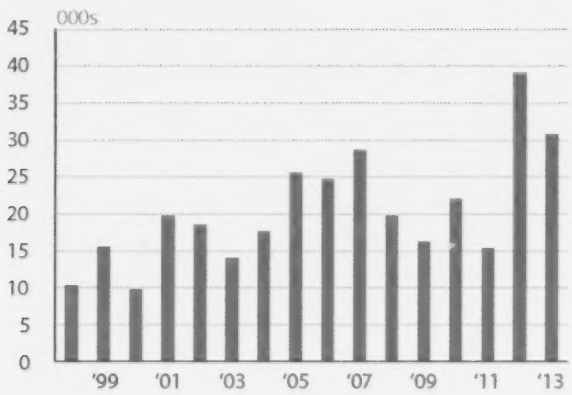
8 Residents of the province who commute to other parts of the country for work are not included in travel and tourism visitor estimates.

Non-Resident Visitors

	2012	2013	Actual Change	Percent Change
Visitors	505,300	497,900	-7,400	-1.5
Air	360,000	367,100	7,100	2.0
Auto	106,200	99,900	-6,300	-5.9
Cruise	39,100	30,800	-8,200	-21.1
Spending				
($ Millions)	$458.9	$467.3	$8.4	1.8

Note: Actual and percent change are based on unrounded estimates.
Source: Department of Tourism, Culture and Recreation

Cruise Ship Visitors



Note: These figures are estimates of unique visitors based on detailed cruise ship itineraries. Passengers are counted once regardless of the number of ports visited.
Source: Department of Tourism, Culture and Recreation; Cruise Newfoundland and Labrador

The province recorded a slight decrease in non-resident visitors during 2013 with overall visitation totalling 497,900 visitors, an estimated drop of 1.5% compared with the previous year. Lower numbers for both automobile and cruise visitors more than offset an increase in air visitors (see table). Expenditures by non-resident visitors totalled $467.3 million for the year, up 1.8% from 2012, reflecting increased travel costs. Ontario and the Maritimes account for the majority (62% in 2011) of non-resident visitors to the province.

Air travel is the largest segment of the province's non-resident tourism sector, accounting for approximately 74% of visitors and 80% of spending last year. The number of non-resident air visitors reached 367,100 in 2013, up 2.0% compared to the previous year.

Air passenger traffic has been supported in recent years by additional non-stop flight seat capacity. Overall passenger levels reached a record 2.27 million at the province's seven major airports for the year, up 1.7% compared to 2012. Approximately 65% of these passengers travelled through the St. John's International Airport (see feature discussion). Overall, provincial inbound non-stop seat capacity has increased by approximately 22% (or nearly 205,500 seats) since 2009. In 2013, inbound non-stop seat capacity increased 4.7% (or 51,580 additional seats) compared with 2012. The increase is mainly driven by Canadian domestic flights, although expanded capacity has also occurred in flights from the U.S. and other international markets.

In addition to greater capacity for air access *to* the province, air carriers have also made adjustments to seat capacity for air travel *within* the province in recent years. Between 2010 and 2012, the number of seats available on intra-provincial flights increased by about 65,100 seats or approximately 17%. In 2013, some downward adjustment was made to seat supply, with overall intra-provincial seat capacity declining 5.7% compared to 2012 (or about 25,500 seats). The loss was driven

largely by capacity reductions to Goose Bay and Wabush, although almost all major airports within the province experienced reductions.

The number of automobile visitors arriving by the ferry service between the province and Nova Scotia totalled an estimated 99,900, down 5.9% over 2012—the continuation of a persistent trend and below 100,000 visitors for the first time since 1986. The drop was mainly due to fewer visitors from the Maritimes and Ontario, although declines were realized across all markets. Travelling by auto continues to be challenged by many factors, including high gasoline prices, increasing ferry rates and associated fuel surcharges, unexpected downtime in ferry schedules, and the competing convenience of air travel.

Preliminary estimates indicate that there were about 30,800 unique cruise visitors during the cruise ship season in 2013.[9] This figure was second only to the record 39,100 reported in 2012 (see chart). The cruise ship season began in St. John's on May 8 with a visit by the *Silver Whisper* of Silversea Cruises and ended in Corner Brook on October 29 with the *Emerald Princess* of Princess Cruises. In total, there were 64 port calls made in 2013 to 23 different ports/communities throughout the province.

Demand for accommodation services has increased in the province over the last decade in tandem with increased economic activity. The province's accommodation industry outperformed other Atlantic provinces last year as reflected by higher occupancy rates and room sales. A combined occupancy rate for hotels, motels, bed and breakfasts, inns, cottages and cabins averaged 52.1% in 2013, an increase of 1.9 ppt. over 2012. Gains in occupancy rates in the Labrador (up 4.7 ppt.) and the Avalon (up 3.7 ppt.) regions led the way, followed by more modest increases in the Central (up 2.1 ppt.) and Western (up 0.3 ppt.) regions. Only the Eastern region reported a decrease (down 4.0 ppt.), reflecting higher than usual demand in 2012 by individuals working on the extended maintenance turnaround of the *Terra Nova FPSO* at the Marystown offshore facility. The number of room nights sold in the province last year reached 1.4 million, up 3.9% over 2012. The average revenue generated per room night sold was $128, an increase of 5.9% compared with 2012.

The growth in accommodation demand is especially evident in the St. John's Census Metropolitan Area (CMA), the largest urban area in the province. The number of room nights sold in the CMA has grown by about 45% or 3.8% per year since 2003. Preliminary estimates indicate that about 616,800 room nights were sold in the CMA in 2013 generating estimated revenue of more than $87 million. This has prompted considerable investment in hotel and convention facilities. In the spring of 2013 the new 148-room Fairfield Inn & Suites® by Marriott opened, while the 129-room Hampton Inn & Suites by Hilton opened in December. Accommodation development activity continues on a number of hotel projects (see *Inventory of Major Capital Projects*).

In addition, convention capacity within the region is getting a significant boost through a number of projects, the largest being the $64 million expansion to the St. John's Convention Centre. This expansion will see the capacity of the current facility double, allowing the centre to attract larger events. The current St. John's Convention Centre will remain open until this fall. At that time it is expected to close for renovation work to begin. The newly expanded centre will open

9 This figure is a Department of Tourism, Culture and Recreation estimate based on a review of itinerary information. This estimate counts passengers only once regardless of the number of ports visited. This should be distinguished from "cruise ship passenger visits", which is the industry standard, whereby passengers are counted at each port call made by their vessel.

for business in January 2016. It is anticipated that these improvements will double the number of large meetings and conventions held in the facility each year.

The major meetings and convention market (those events booking 50 or more guest rooms per night) in the St. John's Metropolitan Area recorded a solid performance last year. The number of events hosted by the region increased from 90 in 2012 to 104 in 2013, matching the record set in 2011. The number of delegates attending rose 17.3% to over 25,900, a record high. This activity translated into an increase of about 31% in the number of room nights sold to more than 42,200.

The province has strived to increase tourism through the use of the latest technologies such as mobile applications. The province's iPhone and iPad mobile application (app) was downloaded over 11,600 times last year. This app is an extensive, complete and current source of provincial travel information and includes smart searching and location features for tourism services. It also provides users with access to the latest blogs and social media postings.

Almost 52,000 enquiries for provincial travel-related information from all sources (i.e. web, e-mail, telephone) were reported last year, down slightly from 2012. However, over 1.8 million visits were registered at the province's tourism website, up 21.7% over the previous year. Together, these represent solid interest in the province as a travel destination and bode well for industry potential going forward.

Outlook 2014
Travel and Tourism

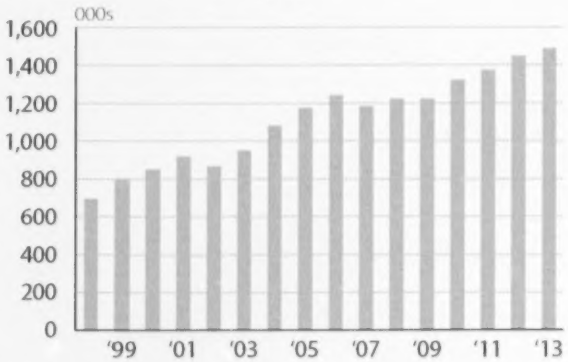
- Global international tourist travel is expected to grow by between 4.0% and 4.5% to a new record level.
- Non-resident travel to the province should continue to benefit from the strengthening global and Canadian economies as well as solid business travel associated with high levels of economic activity in the province.
- Air travellers will have the continued convenience of increased seat capacity.
  - St. John's International Airport expects an increase of about 3% in passenger travel.
- Cruise activity is expected to be solid. There are 80 port calls tentatively booked for the 2014 cruise season, with more expected as cruise lines finalize itineraries.
- Within the St. John's area, eight hotel projects will be in various stages of development, with a potential to add 1,000 or more rooms. If realized, this could boost accommodation capacity by about 40% over the next several years.
- Preliminary bookings for major meetings and conventions in the St. John's area are about the same as last year. The expansion of the St. John's Convention Centre bodes well for future event activity.
- Resident tourism is expected to benefit from solid growth in household income.

St. John's International Airport

The St. John's International Airport is the main aerial entry point into the province accounting for about two-thirds of air passenger traffic and most air cargo movement. The airport has six airlines offering scheduled year-round services and two charter airlines offering seasonal services to Canadian and southern destinations (see map).

Air Passengers

St. John's International Airport



Note: Data includes boarding and deplaning passengers

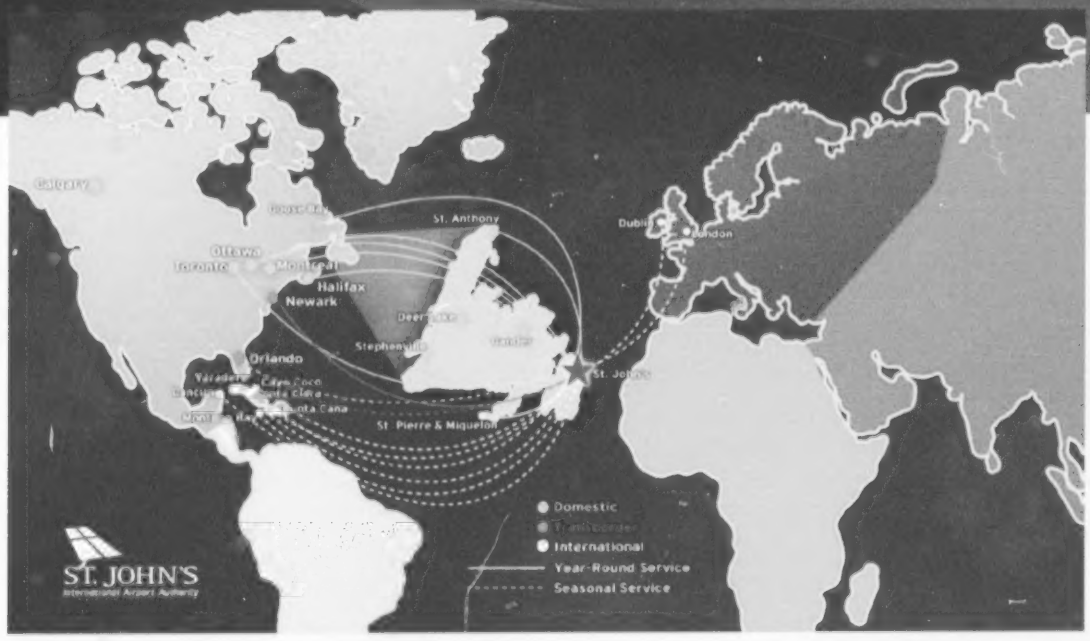
Source: St. John's International Airport Authority

The St. John's International Airport recorded strong growth in air passenger traffic in the last 15 years (see chart). Since 1998, the number of passengers using the airport has grown at an average rate of 5.2% per year. Activity levels remained robust even during the most recent recession of 2008/2009. While air travel declined by about 5% in the rest of Canada during that period, it remained relatively steady in St. John's. The growth in passenger travel has exceeded expectations. A new terminal building designed to accommodate up to 900,000 passengers (completed in 2002) was expected to provide sufficient capacity until 2010. However, by 2004 traffic had surpassed one million passengers a year. In 2013, the number of air passengers travelling through the airport reached 1.49 million, an increase of 2.7% over 2012. These trends reflect strong growth in the provincial economy and the increasing popularity of the St. John's area as a destination for leisure travel, conferences and business travel.

The St. John's International Airport Authority (SJIAA) is currently engaged in an Airport Improvement Program, with many infrastructure projects designed to expand the facilities by the year 2020. Projects that have been completed in the last few years include the construction of a ramp services (cargo) building, expanded parking facilities, an expanded airport terminal building apron, and the renovation of the passenger bridges that connect the main terminal to arriving planes.

More recently, in early December 2013, SJIAA opened its new access road named World Parkway. The new access road is designed to accommodate the observed and anticipated growth in passenger and vehicle traffic. World Parkway will also facilitate the planned expansion of the Airport Terminal Building. This expansion will see the size of the current terminal building double.

Passenger Air Carrier Route Network



Improvements will include additional food and beverage options; larger areas for pre-board screening and baggage arrivals; more comfortable seating and access to aircrafts; additional airline gates and passenger loading bridges; and greater area for overnight aircraft parking. This expansion is expected to take place over a six year period starting in the spring of 2014.

In addition to capital expansion, SJIAA has been successful in increasing airline seat capacity and adding new destinations. Since 1998, airline seat capacity at the airport increased by 45%, whereas at other Atlantic Canadian airports it declined over the period. In 2013, Air Canada and WestJet—the two largest airlines serving the province—added a combined 26,000 seats on their non-stop Toronto - St. John's flights. Also, in November 2013, SJIAA announced that WestJet Airlines will commence its first transatlantic flight from St. John's International Airport to Dublin Airport, Ireland beginning in the spring of 2014. Also starting in 2014, WestJet will offer two new daily flights from St. John's to both the Toronto (YYZ) and Ottawa (YOW) International Airports. The additional seat capacity will support the increased demand for both Canadian and International airline seats at St. John's International Airport.

Growth in passenger traffic through the St. John's airport is expected to remain strong. In 2014, passenger growth is expected to rise by 3% and it is estimated that the airport will welcome about two million passengers by 2020.

Lower Churchill Project

Project Overview

The lower Churchill River is one of the most attractive undeveloped hydroelectric sites in North America and is a key component of the province's energy warehouse. The Muskrat Falls hydroelectric development on the lower Churchill River in Labrador includes construction of an 824 megawatt (MW) hydroelectric generating facility and more than 1,500km of associated transmission lines that will deliver electricity to homes and businesses in Newfoundland and Labrador.

The development of Muskrat Falls will provide a clean, renewable source of electricity to meet the province's growing energy demands. It will provide Newfoundland and Labrador homes and businesses with stable electricity rates well into the future, and will be a valuable power-producing asset for the province well into the future. In addition, the development will help Canada's efforts to reduce greenhouse gas emissions.

With the sanction of the Muskrat Falls Project by the Government of Newfoundland and Labrador in late 2012, procurement and employment benefits from the project are already being realized across the province. Construction commenced in late 2012 and is expected to take approximately five years to complete.

This development will generate economic benefits in every corner of the province, including $1.9 billion in income to labour and business, with approximately $500 million of this to be earned by Labradorians and Labrador-based businesses. The provincial economy will also benefit from employment associated with building the Muskrat Falls hydroelectric generating facility and the transmission links, with 9,100 person-years of direct employment, including 5,800 person-years in Labrador.

Completion of Federal Loan Guarantee and Financing Agreements

Arrangements to secure the Federal Loan Guarantee, long-term debt financing and equity financing were successfully completed in December 2013. Achieving this milestone provides certainty with respect to how the Lower Churchill Project will be financed and the costs of this financing over the next 40 years. Obtaining a federal guarantee has enabled Nalcor Energy to get lower financing costs with the benefit being passed on directly to electricity customers in Newfoundland and Labrador. The loan guarantee will result in projected savings of over $1 billion in interest costs for ratepayers and contribute to stable electricity rates for consumers in the province.

Engineering, Procurement and Construction

Overall, construction is progressing as planned on the Muskrat Falls Project. Major milestones were achieved in 2013 and Nalcor expects to see these achievements continue for all components of the project in the 2014 construction year.

Following the successful completion of earth works/excavation program at the Muskrat Falls hydroelectric generation site in Labrador throughout 2013, construction of the powerhouse, spillway and dams will commence in 2014, with focus on large-scale concrete placement programs.

Right-of-way clearing will continue in 2014 and transmission erection will commence on the alternating current (AC) transmission line in Labrador as well as the direct current (DC) transmission line in Labrador, the Long Range Mountains, and select areas on the island of Newfoundland. Construction activity will also commence at the switchyard stations in Churchill Falls and Soldiers Pond.

The Strait of Belle Isle horizontal drilling program began in early December 2013 in Shoal Cove. The cable conduits on both sides of the Straits are expected to be complete by the end of 2014. Cable manufacturing is ongoing in Japan.

Significant procurement activities for the project took place in 2013 with many large contracts awarded. All awarded contracts and purchase orders are reported in Nalcor's Monthly Reports and posted on its website, *www.muskratfalls.nalcorenergy.com*.

Throughout 2013, some of the major contracts awarded include the supply of electro-mechanical equipment for the powerhouse and spillway, supply of electrical equipment for the transmission lines, right-of-way clearing for the Labrador AC transmission line, reservoir clearing, construction of the marshalling yard in Labrador, provision of a drilling rig for the horizontal directional drill (HDD) program and civil works for the Strait of Belle Isle marine cable crossing, major works for powerhouse, spillway and transition dams, construction of AC transmission line and camp and accommodations services.

Moving forward with the project, the focus will continue to be on safe execution of work to ensure the delivery of power within schedule and budget.

Environmental Assessment

Environmental Assessment is a regulatory review and planning process administered by the federal and provincial governments used for identifying the potential environmental and socioeconomic effects of proposed development projects and to inform project planning and decision making.

In 2013, Nalcor received release from the environmental assessment for the Labrador-Island Transmission Link project from the governments of Newfoundland and Labrador and Canada in June and November 2013 respectively. Nalcor is incorporating the terms and conditions outlined in the governments' responses to the assessment into the project design and planning work.

Nalcor's focus for 2014 and beyond will be on continued effective implementation of Environmental Effects Monitoring programs for both generation and transmission, and on securing necessary permits and work authorizations in a timely manner.

Commercial Arrangements

In November 2013, the Nova Scotia Utility and Review Board (UARB) approved the Maritime Link and the Energy Access Agreement between Nalcor and Emera Inc. The Maritime Link, as part of the Muskrat Falls Project, is a significant project for both Newfoundland and Labrador and Nova Scotia. The Maritime Link and related agreements will bring tremendous economic and environmental benefits to the provinces.

The Maritime Link will allow Nalcor to access the Maritime and New England markets, thereby gaining a fair and competitive price for clean, renewable power that is not required to meet the domestic energy needs. It will also facilitate the development of the province's energy warehouse.

Aboriginal Affairs

Following execution and ratification of the Tshash Petapen (New Dawn) Agreement, Nalcor commenced implementation of the Impact and Benefits Agreement (IBA) with the Innu Nation.

All joint Nalcor-Innu Nation committees required under the IBA have been established. To date, contracts with a projected value of over $300 million have been awarded to Innu businesses.

Processes and personnel have been put in place to support Innu employment, resulting in over 100 members of the Innu Nation working at the Muskrat Falls site at the end of 2013. Nalcor will continue to work with the Labrador Aboriginal Training Partnership and contractors to provide training to enable Innu to qualify for positions at the Muskrat Falls construction site.

Joint Nalcor-Innu Nation environmental management initiatives are ongoing, including Innu environmental monitors working on site. In 2014, a joint Nalcor-Innu Nation IBA monitoring and reporting system will be established.

Employment Benefits

In 2013, employment on the Muskrat Falls Project peaked in September with 1,682 people working on the project. During that month, 1,593 of the total project workforce were Newfoundland and Labrador residents, accounting for 95 per cent of the total peak workforce in that month. There were 1,122 people working directly in Labrador and, of these, 462 (41 per cent) were Labrador residents.

Employment of women peaked in October 2013 at 268, accounting for 16 per cent of the workforce in that month. In that same month, employment of Labrador Aboriginal people reached a peak of 216 workers; 105 of these workers were members of the Labrador Innu Nation.

An average of 1,500 jobs in more than 70 trades and occupations will be required each year during construction. Direct employment is expected to peak with an average of 3,100 jobs in 2015. Projected employment benefits in the province from the construction of the Muskrat Falls Project include:

Newfoundland and Labrador (NL)	Muskrat Falls Project
Direct employment in NL (person-years)[1]	9,100
Direct employment occurring in Labrador (person-years)[1]	5,800
Total employment in NL (direct, indirect and induced) (person-years)[1]	23,300
Total employment in Labrador (direct, indirect and induced) (person-years)[1]	8,000
Peak employment	3,100 jobs (2015 average)
Employment after construction in NL	80 direct full-time jobs
Employment after construction in Labrador	More than 40

[1] One person-year represents 2,000 hours of work per year – the equivalent of someone working 40 hours per week, for 50 weeks.

Project Expenditures

The Muskrat Falls Project will generate significant benefits for businesses and labour in Newfoundland and Labrador. During the first full year of construction, these benefits are already being realized. Total expenditures for the project were close to $549 million in 2013, with more than $310 million to Newfoundland and Labrador businesses. Of that, approximately $127 million went to Labrador businesses and approximately $184 million went to Newfoundland businesses, together representing more than 56 per cent of total project expenditures during the year.

Submitted by: Nalcor Energy

Inventory of Major Capital Projects

The inventory of major projects provides information on capital projects and spending programs in Newfoundland and Labrador valued at $1 million or more. The list includes both public[10] and private projects that are either continuing or beginning in the current year. In many cases the capital spending figure quoted includes spending from previous years. The inventory was prepared between January and mid-March 2014.

According to this year's inventory, about $39 billion in major capital spending is planned or underway in the province. The Mining, Oil and Gas category tops the list at almost $22 billion (see table). The Hebron oil project is the single largest item in the category with a total estimated cost of $14.0 billion. Utilities is the second largest category in the listing (the estimated $6.2 billion Muskrat Falls project is the largest project in this category). Industrial/Manufacturing is third in size, mainly reflecting the estimated US$4.25 billion nickel processing facility at Long Harbour. Public sector spending is also significant in the listing as evidenced by figures in categories such as Transportation, Municipal Infrastructure, Health Care/Personal Care and Education.

The listing on the following pages is organized by project type (e.g. Commercial, Health Care/ Personal Care, Transportation). Key information is included, such as project name, capital cost, start and end date, and description. When possible geographic information is also provided, including community and economic zone. A map of the economic zones can be found at: *www.stats.gov.nl.ca*.

An asterisk (*) by a project name denotes that the project has a start and end date on a fiscal year basis (e.g. start/end denoted as 2014 refers to the project starting and ending in fiscal year 2014-15; start/end denoted as 2014/2015 refers to the project starting in fiscal year 2014-15 and ending in fiscal year 2015-16). All other years are reported on a calendar year basis.

The major project listing is also available on the Economic Research and Analysis Division's website (*www.economics.gov.nl.ca*) in a searchable database. The online database includes search capabilities by Industry, Community and Economic Zone. As well, there is a feature that allows readers to help identify projects for future lists.

TBD: To be determined
NA: Not available

Major Projects ($ Millions)	
Mining and Oil & Gas	21,780.1
Utilities	6,747.4
Industrial/Manufacturing	4,414.5
Transportation	1,321.0
Health Care/Personal Care	1,253.9
Municipal Infrastructure	1,055.2
Residential	1,054.2
Tourism/Culture/Recreation	506.2
Other Investment	362.2
Education	267.7
Commercial	262.9
Agriculture/Fishery/Forestry	31.5
Total	**39,056.8**

Note: Some projects contain ranges for their capital cost. In these cases, the mid-point of the range was used in the summations above. Capital costs for some projects were not available. As a result, their cost is not reflected in the table above.

10 Readers will note that in some project descriptions government is identified as a source of funding. This reference, in most cases, is based on information provided by the project's proponent and should not be interpreted as an announcement by government of funding approval. Readers should also note that while every effort has been made to identify projects and research information, this list is not exhaustive. The information was gathered at one point in time and in some cases protecting the requested confidentiality of information has prohibited the publishing of projects. Readers should not base investment or business decisions on the information provided.

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Agriculture/Fishery/Forestry				
Forest and Agriculture Access Roads*	8.2	2014/2014	Various	Construction and maintenance of access roads on Crown land. Provincial funds. (Various)
Harbour Development*	15.4	2014/2014	Various	Fisheries and Oceans Canada - Small Craft Harbours program. An ongoing program consisting of the repair, maintenance and development of active fishing harbours. Federal funds. (Various)
Net Service Facility	4.0	2012/2014	13	Newfoundland Aqua Services Ltd. - expansion of a net washing operations facility to service the aquaculture industry. (St. Alban's)
Wharves*	3.9	2014/2014	13	Construction of an inflow wharf. Provincial and federal funds. (Milltown)
Commercial				
Animal Hospital	2.2	2014/2014	19	Development of a new 11,000 sq. ft. animal hospital to be located on Karwood Drive. (Paradise)
Building Renovation	NA	2013/2014	19	Cinque Investments - renovation of an existing 36,000 sq. ft. building from warehouse to office space, located on Pippy Place. (St. John's)
Building Renovation and Expansion	NA	2013/2014	19	Schlumberger Canada - expansion and renovation to existing facility located on Panther Place. (Mount Pearl)
Business Park	95.0	2012/2018	19	KMK Capital Inc. - construction of the Field Power Centre, a 50.44-acre retail and industrial development located off Torbay Road. (St. John's)
Car Dealership	NA	2013/2014	8	Humber Motors Ford - construction of a new 23,000 sq. ft. state-of-the-art Ford millennium building. To be located on Confederation Drive. (Corner Brook)
Car Dealership	NA	2013/2014	14	Gander Hyundai - construction of a new 12,000 sq. ft. automobile dealership. (Gander)
Commercial Building	1.5	2014/2014	8	GDR Enterprise Ltd. - construction of a 20,000 sq. ft. commercial building on Maple Valley Road. (Corner Brook)
Commercial Building	7.0	2014/2014	19	Redwood Management Ltd. - construction of a new commercial building to be located on Kenmount Road. Will feature approximately 30,000 sq. ft. of retail space and 12,000 sq. ft. of office space. (St. John's)
Commercial Building	NA	2013/2014	19	Crosbie Group Limited - construction of a three-storey, 30,000 sq. ft. building featuring office and retail space on Hebron Way. (St. John's)
Commercial Building	6.0	2013/2014	19	Ten Mile Holdings - construction of a three-storey, 25,000 sq. ft. building featuring office and retail space on Hebron Way. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Commercial Development	10.0	2014/2014	19	East Port Properties Limited - construction of two warehouse buildings with combined area of 100,000 sq. ft. on Beclin Road. (Mount Pearl)
Commercial Development	30.0	2010/2015	19	Bristol Court Inc.- construction of five commercial buildings each measuring 30,000 sq. ft. To be located on Kelsey Drive. (St. John's)
Commercial Development	2.5	2014/2015	19	70419 Newfoundland & Labrador Limited - construction of three residential units with commercial space on the ground floor and residential units on the upper floors. Located on Harvey Road. (St. John's)
Commercial/Industrial Development	13.0 - 17.0	2014/2018	17	Karwood Estates Inc. - infrastructure development for the Veterans Memorial Business Park near Spaniard's Bay. (Spaniard's Bay)
Commercial/Light Industrial Park	10.0 - 12.0	2012/2014	19	Metcalfe Holdings Ltd. - development of a new commercial/light industrial park adjacent to Fowler's Road. Project is currently in the first of two phases. (Conception Bay South, St. John's)
Gas Bar/Convenience Store/Coffee Shop	NA	2013/2014	17	G & S Investments Inc. - construction of a gas bar, convenience store and coffee shop on Country Road and L.T. Stick Drive. (Bay Roberts)
Office Building	1.2	2013/2014	2	55892 Newfoundland & Labrador Limited - construction of a two-storey, 8,000 sq. ft. professional office building at Tamarack Drive. (Labrador City)
Office Building	3.0	2013/2014	19	Monarch Development Inc. - construction of a 10,000 sq. ft. LEED certified office building at the corner of Portugal Cove Road and Major's Path. (St. John's)
Office Building	50.0	2011/2014	19	Fortis Properties Corporation - construction of a 12-storey, 152,000 sq. ft. Class A office building with 261 parking spaces located at the corner of Springdale Street, New Gower Street and Hamilton Avenue. (St. John's)
Office Building Expansion/ Refurbishment	15.0 - 17.0	2014/2015	19	East Port Properties Limited - expansion of the existing Scotia Centre to include a three-storey, 27,000 sq. ft. office space addition. Also includes the refurbishment of the existing building's systems and finishes. (St. John's)
Parking Garage	12.5	2012/2014	19	Duckworth Street Parkade LP/Bell Street Developments LP - construction of "MetroPark", a 408 stall parking garage. (St. John's)
Education				
Building Renovation	16.5	2013/2023	19	Memorial University of Newfoundland - renovation of the former Battery Hotel to increase space for university business and activities. (St. John's)
Campus Maintenance*	8.4	2014/2014	8, 19	Annual maintenance of various Memorial University of Newfoundland buildings. Provincial funds. (Corner Brook, St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
College Modernizations*	4.5	2014/2016	Various	Upgrades to various shops and laboratories at College of the North Atlantic campuses as well as related equipment purchases. Provincial funds. (Various)
Faculty of Medicine Expansion*	21.8	2009/2014	19	Expansion to the existing Faculty of Medicine at Memorial University of Newfoundland to accommodate an increase from 60 to 80 students and enhancement to programs. Provincial funds. (St. John's)
Infrastructure for Cold-Water and Deep-Sea Research*	20.6	2010/2014	19	Memorial University of Newfoundland - creation of facilities for the study of cold-water and deep-sea organisms, infectious diseases affecting marine animals, invasive aquatic species and ecosystems at the Ocean Sciences Centre. The funding will be used for the construction of new buildings, laboratories, research facilities and equipment. Primarily funded by the provincial and federal governments. (Logy Bay-Middle Cove-Outer Cove)
Laboratory Upgrades*	4.9	2013/2014	8, 19	Laboratory upgrades at Memorial University of Newfoundland. Provincial funds. (Corner Brook, St. John's)
Medical Laboratory Sciences Program*	4.3	2014/2015	12	Capital funding to support the medical laboratory sciences program at the Grand Falls-Windsor College of the North Atlantic campus. Provincial funds. (Grand Falls-Windsor)
Offshore Operations Simulator Facility	5.9	2013/2014	19	Fisheries and Marine Institute of Memorial University of Newfoundland - construction of the Hibernia Offshore Operations Simulator Facility to provide offshore operators with advanced and customized training for the supply and support of offshore facilities and production platforms. Partial federal/provincial funding. (St. John's)
Renovations to Student Residences*	45.5	2007/2015	8, 19	Renovations to existing student residences at Memorial University's St. John's and Grenfell campuses. Total anticipated expenditures of $5.0 million for the 2014/15 fiscal year. Provincial funds. (Corner Brook, St. John's)
Research Facility*	7.3	2010/2014	19	Construction of the Centre for Arctic Resource and Development (CARD) at C-Core. CARD is being developed to conduct medium-term to long-term research and development to improve the capacity and capability of hydrocarbon development in the Arctic and ice/iceberg prone regions. Provincial contributions. (St. John's)
School Construction and Renovations*	128.0	2014/2014	Various	Various activities including new school construction, renovations, extensions and major maintenance projects. Provincial funds. (Various)
Health Care/Personal Care				
Dialysis Unit Redevelopment *	7.0	2014/2015	12	Redevelopment of the dialysis unit at the Central Newfoundland Regional Health Centre. Provincial funds. (Grand Falls-Windsor)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Electrical Substation and Emergency Power Capacity Upgrade*	TBD	2013/2016	19	Construction of a new electrical substation at the Health Sciences Centre site. Will also include upgrading of the existing emergency power capacity. Provincial funds. (St. John's)
Facility Expansion	2.5	2013/2014	19	Iris Kirby House Inc. - expansion of a crisis shelter facility for women to increase the number of emergency beds and includes four self-contained units that are adjoined to the property. Partial provincial and federal funding. (St. John's)
Health Care Facilities*	70.5	2014/2014	Various	Expenditures for renovations and upgrades to existing health facilities. Includes $50.5 million for equipment purchases. Provincial funds. (Various)
Health Centre*	90.0	2007/2014	2	Construction of a new Labrador West Health Centre to replace the existing Captain William Jackman Memorial Hospital. Also includes space for community-based health services. Provincial funds. (Labrador City)
Health Centre*	2.4	2010/2014	16	Construction of a new facility to provide primary health care services to residents of the Burin Peninsula North area. Provincial funds. (Boat Harbour)
Health Centre*	TBD	2011/2016	11	Construction of a new health centre to replace the existing Green Bay Health Centre. Provincial funds. (Springdale)
Hospital*	607.7	2013/TBD	8	Construction of a new regional hospital to replace the existing Western Memorial Regional Hospital. Provincial funds. (Corner Brook)
Hospital Redevelopment*	16.3	2014/2017	14	Renovations and redevelopment of the James Paton Memorial Regional Health Centre. Provincial funds. (Gander)
Hospital Redevelopment*	41.9	2009/2016	12	Renovations and redevelopment of the Central Newfoundland Regional Health Centre. Provincial funds. (Grand Falls-Windsor)
Integrated Operating Rooms*	5.0	2014/2017	19	Upgrading of the operating room suites at the Health Sciences Centre and St. Clare's Mercy Hospital. Provincial funds. (St. John's)
Long-Term Care Facility Expansion*	9.5	2013/2015	3	Construction of an extension to the long-term care facility in Happy Valley-Goose Bay to increase the bed capacity of the facility. Provincial funds. (Happy Valley-Goose Bay)
Long-Term Care Home*	150.0	2008/2014	19	Construction of a new long-term care home to replace the existing Hoyles Escasoni Complex. Provincial funds. (St. John's)
Long-Term Care Home and Ambulatory Care Redevelopment*	108.2	2009/2015	17	Construction of a new long-term care home to replace three existing facilities, as well as redevelopment of the ambulatory care area at Carbonear General Hospital. Provincial funds. (Carbonear)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Long-Term Care Home and Dementia Bungalow*	29.9	2006/2014	14	Construction of a new long-term care home, including a 12-bed protective care residence, as well as the development of clinical space for laboratory and x-ray services and an after-hours clinic. Provincial funds. (Lewisporte)
Medical Device Reprocessing Redevelopment*	5.0	2014/2016	19	Redevelopment of the medical device reprocessing areas at the Health Sciences Centre and St. Clare's Mercy Hospital. Provincial funds. (St. John's)
Mental Health Facility*	TBD	2013/TBD	19	Construction of a new mental health facility to replace the existing Waterford Hospital. Provincial funds. (St. John's)
Molecular Imaging Facility*	30.4	2009/2015	19	Construction of space to accommodate a new Positron Emission Tomography (PET) scanner and to co-locate the PET/Cyclotron and nuclear medicine services in a single location. Provincial funds. (St. John's)
Operating Rooms*	TBD	2014/2016	19	Development of two new cancer operating room suites at the Health Sciences Centre. Provincial funds. (St. John's)
Protective Care Residence*	2.5	2014/2015	16	Construction of a 12-bed protective care residence to accommodate residents with mild to moderate dementia. Provincial funds. (Burin Peninsula)
Protective Care Residence*	2.5	2013/2014	15	Construction of a 12-bed protective care residence to accommodate residents with mild to moderate dementia. Provincial funds. (Clarenville)
Protective Care Residence*	2.5	2010/2014	15	Construction of a 12-bed protective care residence. Provincial funds. (Bonavista)
Research Centre*	37.0	2009/2014	19	Construction of an interdisciplinary research centre in human genetics at Memorial University of Newfoundland. Includes an $11.2 million contribution from the Canadian Foundation for Innovation. (St. John's)
Treatment Centre for Adults with Addictions*	7.9	2010/2014	17	Development of a new treatment centre for adults with addictions. Provincial funds. (Harbour Grace)
Treatment Centre for Children and Youth with Complex Mental Health Needs*	12.6	2009/2014	19	Construction of a new treatment centre for children and youth with complex mental health needs. Provincial funds. (Paradise)
Treatment Centre for Youth with Addictions*	12.6	2009/2014	12	Construction of a new treatment centre for youth with addictions. Provincial funds. (Grand Falls-Windsor)
Industrial/Manufacturing				
Building Refurbishment/Port Expansion	10.0	2014/2014	8	Corner Brook Port Corporation - conversion of the former gypsum processing plant to a mixed use industrial facility and the preparation of port laydown space to support transshipment and industrial activities. Partial federal/ provincial funds. (Corner Brook)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Capital Expenditures	139.0	2014/2014	15	North Atlantic Refining Ltd. - ongoing capital expenditures. (Come By Chance)
Concrete Operation Expansion	3.0	2011/2014	2	H & H Enterprises Ltd. - expansion of a concrete products operation. (Wabush)
Harvesting and Processing Enhancements	7.0	2014/2014	Various	Ocean Choice International - vessel and plant expenditures. (Various)
Manufacturing Operation Expansion	1.0	2013/2014	19	Bursey Manufacturing Inc. - expansion of an existing tank manufacturing operation. Will include the construction of two buildings and the purchase of specialized equipment. (Conception Bay South)
Nickel Processing Facility	US$4,250.0	2009/2015	18	Vale Newfoundland and Labrador Limited - construction of a nickel processing facility with an annual capacity of 50,000 tonnes of finished nickel. (Long Harbour)
Warehouse	4.5	2014/2015	19	Baine Johnston Properties Ltd. - construction of a 30,000 sq. ft. industrial warehouse to be located in the East White Hills Industrial Park. (St. John's)
Mining and Oil & Gas				
Direct Shipping Iron Ore Mine (Phase II)	25.0	2014/2015	2	Labrador Iron Mines Holdings Limited - development of Phase II of the company's open pit high grade iron ore mining project. This phase includes development of the Houston 1 and 2 deposits. (Northwestern Labrador)
Direct-Shipping Mine	560.0	2012/2015	2	Tata Steel Minerals Canada Ltd. - reopening of former iron ore mines. Includes the construction of a processing plant, rail and camp facilities, and a power plant. Approximately 75% of the project cost will be spent in Newfoundland and Labrador with the remaining slated for Quebec. (Elross Lake Area)
Hebron Oil Development	14,000.0	2008/2024	Offshore	ExxonMobil Canada Properties and co-venturers - development of the Hebron oil field. The Hebron Project, located approximately 340 kilometres offshore, is a joint venture among ExxonMobil Canada Properties, Chevron Canada Limited, Suncor Energy Inc., Statoil Canada Ltd., and Nalcor Energy - Oil and Gas. Construction of the gravity-based structure began in 2012 at the Bull Arm fabrication site. In addition to the GBS itself, two of the four topsides modules are being built in the province—the accommodations module is being constructed at Bull Arm and the drilling support module is being fabricated in Marystown. Production of oil is expected to begin towards the end of 2017. Expenditures cover capital costs to 2024 when the initial drilling program concludes. Production is expected to continue until 2046. (Offshore)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Hibernia Southern Extension Unit	2,000.0	2011/2015	Offshore	ExxonMobil Canada Properties (operator) and Hibernia Southern Extension participants - development to enable the production of oil from the Hibernia Southern Extension Unit. Includes the drilling of production wells from the existing Hibernia GBS; the drilling of subsea water injection wells from a mobile drilling unit; and GBS topsides modifications. (Offshore)
Mine Development	1,273.0	2014/2016	2	Alderon Iron Ore Corp. - the "Kami Project" involves mining and processing iron ore from an open pit operation near Wabush and Labrador City. (Labrador West)
Mineral Exploration	84.1	2014/2014	Various	Expenditure estimates prepared by the Department of Natural Resources for mineral exploration and deposit appraisal. Regional breakdown: $59 million in Labrador and $25 million for the Island. (Various)
Oil Related Capital Expenditures - Terra Nova	338.0	2014/2014	Various	Suncor Energy Inc. and partners - development and sustaining capital for the Terra Nova oil field. (Offshore)
South White Rose Extension	1,200.0	2012/2014	Offshore	Husky Energy – subsea extension of the White Rose development to include the South White Rose Extension satellite field. First oil production is anticipated in late 2014. (Offshore)
Underground Mine Study	NA	2013/2015	1	Vale Newfoundland and Labrador Limited - underground mine study for Voisey's Bay. Construction of the mine is anticipated to begin in 2016. The mine is projected to start producing ore in 2019. (Voisey's Bay)
White Rose Extension	2,300.0	2013/2017	Offshore	Husky Energy and its joint venture partners, Suncor and Nalcor, are evaluating developing the West White Rose Extension with a concrete gravity structure. The wellhead platform would serve as a fixed drilling rig and would be located approximately 350 kilometres southeast of Newfoundland and Labrador in the White Rose field. While final project sanction is still pending, detailed engineering and design is continuing and construction of a graving dock in Argentia is underway. (Offshore)
Municipal Infrastructure				
2011 Municipal Capital Works Program*	107.1	2011/2015	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
Building Canada Fund - Communities and Base Component*	182.4	2009/2016	Various	Program to assist municipalities in improving infrastructure. Federal/provincial/municipal cost-shared. Total cost excludes funding for the Recreation Complex in Mount Pearl. (Various)
Federal Gas Tax Program*	144.4	2006/2014	Various	Funding agreement allocating municipalities' revenues from gas taxes. These funds are to be invested in capital projects that result in environmentally sustainable municipal infrastructure. Federal funds. (Various)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Multi-year Municipal Capital Works*	208.3	2008/2014	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
Municipal Improvements	4.5	2013/2014	12	Town of Grand Falls-Windsor - expansion of an industrial park and upgrading and paving of existing streets. (Grand Falls-Windsor)
Solid Waste Management Strategy*	315.0	2007/2019	Various	This program provides funding to support planning and infrastructure associated with the implementation of the Provincial Waste Management Strategy. Funding is sourced from the federal/provincial gas tax agreement and direct provincial funding. (Various)
Water and Sewage Treatment Facilities (Canada Strategic Infrastructure Fund II)*	59.5	2009/2014	8, 3	Two projects, the Corner Brook Water Treatment Facility and the Happy Valley-Goose Bay Sewage Treatment Facility. Federal/provincial/municipal cost-shared. (Corner Brook, Happy Valley-Goose Bay)
Water Transmission Main Replacement Program	34.0	2013/2016	19	City of St. John's - multi-year replacement program to construct new water transmission mains. (St. John's)
Residential				
Affordable Housing Development	2.5	2014/2014	19	Development of "Country View", a 14-unit affordable housing project. (Holyrood)
Affordable Housing Program*	83.1	2003/2014	Various	Newfoundland and Labrador Housing Corporation - the objective of this program is to increase the supply of affordable housing in Newfoundland and Labrador by providing forgivable loans to assist in the creation of new affordable rental housing. Federal/provincial cost-shared on a 50/50 basis. $7.98 million to be spent in 2014/15. (Various)
Apartment Building	NA	2013/2014	19	N.D. Dobbin Properties Ltd. - construction of a three-storey, 15-unit rental apartment building for seniors on Empire Avenue. (St. John's)
Apartment Building Renovation	8.0	2013/2014	8	GDR Enterprise Ltd. - renovation of a 40-unit apartment building located on Elizabeth Street. (Corner Brook)
Apartment Buildings	21.4	2013/2014	19	Killam Properties Inc. - construction of two apartment buildings with 101 units in total. To be located in the Pleasantville area. (St. John's)
Apartment Buildings	2.5	2014/2014	19	Karwood Contracting Ltd.- development of two apartment buildings for seniors on Municipal Avenue. Each building will feature 26 affordable housing units. (Mount Pearl)
Apartment Complex*	5.1	2014/2015	19	Anglican Homes Incorporated - construction of a 25-unit affordable apartment complex for seniors. To be located next to Saint Luke's Homes on Road DeLuxe. Partial provincial funding. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Community Development	50.0	2013/2016	19	10718 Nfld. Inc. - phase I development of "Galway" and "Glencrest". Will include a mix of residential, commercial and industrial lots and cover 2,500 acres of land. Estimated total cost of $4 billion over the life of the project (2012-2032). (St. John's)
Community Development	20.0	2010/2016	19	Canada Lands Company CLC Limited - redevelopment of the Pleasantville area into a residential community with a mix of housing types including single-family dwellings, townhomes, apartments and condominiums. Opportunities for some commercial space are also being considered. Expenditure figure covers land development costs only. (St. John's)
Condominium Development	22.0	2014/2016	19	Manga Hotels Group - development of 85 upscale, modern condominium units at the site of the former Star of Sea Hall on Henry Street. Will include three levels of parking. (St. John's)
Condominium Development	14.0	2008/2015	8	Bayview Estates Inc.- construction of an approximately 50-unit development called "Bayview Condominiums". 30 units completed and 16 units to be constructed in 2014. (Corner Brook)
Condominium Development	11.0	2012/2016	19	342 Duckworth Street Developments LP - residential and commercial redevelopment of the former CBC building on Duckworth Street, to be known as the "Marconi" building. A total of 47 condominiums will be developed. (St. John's)
Condominium Development	65.0	2012/2016	19	Rockmount Properties Inc. - construction of the "Sundara Condominiums" on Blackmarsh Road. Plans include four, three-storey condominium buildings featuring 45 units per building with underground parking. (Mount Pearl)
Condominium Development	120.0	2013/2017	19	KMK Capital Inc. - development of "Tiffany Condominiums", two 16-storey buildings consisting of a total of 240 residential units as well as a three-level underground parking garage. (St. John's)
Condominium Development	47.0	2012/2016	19	61902 Newfoundland & Labrador Limited - development of "Westfield Condominiums" off Captain Whelan Drive. Will include construction of 60 buildings with four, 1,000 sq. ft. units per building. KMK Capital Inc. is managing this development. (St. John's)
Condominium Development	25.0 - 30.0	2014/2015	19	Regal Realty Limited - two-phase condominium development in Virginia Park. Will consist of two, five-storey buildings. One building will contain 125 residential units and the other building will contain 120 residential units with 8,500 sq.ft. of commercial space on the ground floor. (St. John's)
Condominium Development	26.5	2014/2016	19	Pinnacle Developments Inc. - construction of "The Pinnacle Condominiums", a 55-unit, five-storey condominium building on LeMarchant Road with two levels of underground parking. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Condominium Development	21.0	2014/2015	19	Belvedere Development Corporation - construction of "The Kingsbury Condominiums", a 44-unit condominium building located on Margaret's Place (off Newtown Road). (St. John's)
Condominium Development	10.4	2014/2016	19	Karwood Contracting Ltd. - development of "The Park", two three-storey condominium buildings on Park Avenue. (Mount Pearl)
Housing Development	NA	2000/2016	19	Cabot Development Corporation Limited - construction of a housing development named "Clovelly Trails" located off Stavanger Drive. Approximately 100 homes to be constructed in 2014. (St. John's)
Modernization & Improvements*	9.1	2014/2014	Various	Newfoundland and Labrador Housing Corporation - planned improvements to social housing stock. Provincial funds. (Various)
Provincial Home Repair and Modification Programs*	12.4	2014/2014	Various	Newfoundland and Labrador Housing Corporation - a combination grant/loan program to aid low-income households with home repairs and modifications. Includes $2.0 million of repayable loans. Federal/provincial funds. (Various)
Residential Development	13.0	2013/2015	19	Nolan Hall Real Estate Ltd. - construction of "Harbourside Condominiums and Spa", a 40-unit building on Temperance Street and Battery Road. Will include condominiums and penthouses. (St. John's)
Residential Development	11.0	2012/2015	19	345-353 Duckworth Street Developments LP - redevelopment of the former Newtel Building on Duckworth Street to be called "Mix" which will consist of 83 residential condominium units as well as retail space. (St. John's)
Residential Development	18.0	2013/2016	19	Reardon Construction and Development Ltd. - development of 56 condominium/townhouse style units off Ruby Line. (St. John's)
Residential Development	12.0	2012/2015	19	Wrightland Development Corporation - development of "Mclea Park" off Shaw Street. Will include construction of four townhouses; seven executive building lots; and two units in a converted heritage structure. (St. John's)
Residential Development	3.0	2013/2014	19	Cro-at Developments Inc. - two-phase residential development from an existing building on Hamilton Avenue. Phase I will include the development of nine townhouses. Phase II will include the development of 20 condominium units. Costs are for Phase I only. (St. John's)
Row House Development	3.2	2013/2015	19	Here at Home Builders Ltd. - construction of nine luxury waterfront row houses off Topsail Road, backing directly on Chamberlains Pond and overlooking Conception Bay. (Conception Bay South)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Subdivision Development	32.4	2012/2021	19	CASA Holdings - construction of 108 homes in the "Mount Batten Estates" subdivision. Will be completed in three phases. (Conception Bay South)
Subdivision Development	6.0	2013/2015	19	Reardon Construction and Development Ltd. - land development and construction of 15 single-family homes in the "Waterford Hills Park" subdivision on Old Petty Harbour Road. (St. John's)
Subdivision Development	8.0 - 9.0	2014/2014	19	Rockwood Homes Limited - development of the "Virginia Water Village" subdivision. 10 houses to be constructed in 2014. (St. John's)
Subdivision Development	6.0	2013/2015	19	Signature Homes Inc. - construction of approximately 19 single-family homes at the extension to Stratton Place in Chamberlains. Approximately eight homes to be constructed in 2014. (Conception Bay South)
Subdivision Development	65.0	2013/2017	19	Wrightland Development Corporation - construction of the 113-lot "Sunset Landing" subdivision. To be developed over four phases. (Conception Bay South)
Subdivision Development	25.0	2009/2017	19	Bristol Development Inc. - land development for the 450-lot "Bristolwood" subdivision off Kenmount Road. Approximately 100 lots will be developed this year at a cost of $4 million. (St. John's)
Subdivision Development	8.0	2012/2015	14	Cecon Development Corporation - land and servicing development for the "Eastgate" subdivision located off Cooper Boulevard. Phase 1 will include 123 residential lots. Phase 2 will include 90 residential lots and 10 business lots. (Gander)
Subdivision Development	10.0	2009/2016	19	Donovan Homes Ltd. - land development for the sixth phase of the "Mount Carson Terrace" subdivision off Mount Carson Avenue. Approximately 32 lots will be developed this year at a cost of $1.2 million. (Mount Pearl)
Subdivision Development	2.5	2014/2014	8	52453 Newfoundland and Labrador Limited - land and servicing development for phase three of "Pratt Street Extension" subdivision. (Corner Brook)
Subdivision Development	122.0	2005/2017	19	Octagon Development Corporation - construction of the "Adam's Pond" subdivision consisting of a total of 350 homes. Approximately 25 homes to be constructed in 2014. (Paradise)
Subdivision Development	50.0	2010/2018	19	ERCO Developments Inc. & New Victorian Homes Inc. - continued development of the "Grand Meadows" subdivision. Approximately 40-50 houses to be constructed in 2014. (Paradise)
Subdivision Development	15.0 - 16.0	2011/2016	19	Karwood Estates Inc. - subdivision to be constructed in Karwood Estates near Neil's Pond Walking Trail. Construction of Phase III will commence in 2014 and consist of 45+ houses. (Paradise)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Subdivision Development	21.6	2014/2015	19	CASA Holdings - land development and construction of 48 homes in Topsail. (Conception Bay South)
Subdivision Development	25.0	1997/2017	19	Paradise Properties Limited - land and servicing for the "Elizabeth Park" subdivision. 40 lots to be developed in 2014. (Paradise)
Townhouse Development	15.0	2013/2015	19	KMK Capital Inc.- development of 27 townhouse style dwelling units on Mount Cashel Road. (St. John's)
Townhouse Development	3.0	2014/2015	19	Republic Properties Inc. - construction of six executive townhouses on Southside Road. (St. John's)
Tourism/Culture/Recreation				
Building Restoration*	22.2	2009/2015	19	Restoration of the Colonial Building and grounds for use as an interpretation centre, featuring the political history of Newfoundland and Labrador. Will include office space for government staff and provincial heritage organizations. Current work will address the interior structural building systems. Projected expenditure of $9.0-9.5 million for the 2014/15 fiscal year. Federal/provincial cost-shared. (St. John's)
Church	3.0	2012/2014	19	St. Michael and All Angels Anglican Church - construction of a church on the corner of Ladysmith Drive and Kiwanis Street. (St. John's)
Convention Centre Expansion*	64.0	2013/2015	19	City of St. John's - expansion of the current convention centre to increase capacity and allow the hosting of much larger conventions. Partial provincial and federal funding. (St. John's)
Cultural Centre*	16.4	2013/2016	1	Nunatsiavut Government - construction of the new Torngasok Cultural Centre. Partial provincial and federal funds. (Nain)
Historic Site Development*	1.1	2011/2014	19	The Rooms Corporation of Newfoundland and Labrador - multi-phase project to demarcate the outline of the star-shaped Fort Townshend citadel; provide enhanced landscaping for the grounds; create public programming spaces and sculpture areas; and develop practical enhancements for traffic flow and public access. (St. John's)
Home from the Sea, Sealers Interpretation Centre	1.7	2011/2014	15	Elliston Heritage Foundation Inc. - construction of a Sealers Memorial, an interpretative walking path and educational Interpretation Centre to acknowledge and commemorate victims of the 1914 Sealing Disasters as well as the seal fishery's contribution to the economy and social fabric of Newfoundland and Labrador. Partial federal, provincial and municipal funding. (Elliston)
Hotel	25.0 - 28.0	2014/2016	19	Maplewood Hotels & Resorts - construction of boutique hotel with approximately 150 rooms. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Hotel	25.0	2014/2015	3	Maplewood Hospitality & Resorts - construction of a 125 room full-service hotel. Will feature food and beverage service, meeting space for 300 and an indoor pool with water slide. (Happy Valley-Goose Bay)
Hotel	25.0 - 30.0	2014/2016	19	Redevelopment of the Atlantic Place parking garage located on Harbour Drive to construct a three-storey extension containing a boutique rooftop hotel. Will feature approximately 150 rooms, limited meeting space and limited food and beverage service. (St. John's)
Hotel	28.5	2014/2015	19	Manga Hotels Group - construction of a Hilton Garden Inn with 165 guest rooms and 5,000 sq. ft. of conference facilities located at New Gower Street/Springdale Street/ Pleasant Street. (St. John's)
Hotel	20.0	2014/2016	19	Republic Properties Inc. - construction of an extended stay 75-room boutique hotel on Duckworth Street with retail space and parking garage. (St. John's)
Hotel	TBD	2014/2016	19	Northland Properties Corporation - construction of a 200-room Sandman Signature Hotel with convention centre (meeting and banquet rooms), swimming pool, two attached restaurants plus another stand-alone restaurant and parking for approximately 360 vehicles. To be located at 227-245 Kenmount Road. (St. John's)
Hotel	14.0	2012/2014	19	Steele Hotels Limited - construction of a 90-room hotel with on-site meeting space and a restaurant between Water Street and George Street West. (St. John's)
Hotel	35.0	2014/2016	19	Southwest Properties Ltd. - construction of a 150-room hotel and two-level parking garage located at 123 Water Street. (St. John's)
Hotel	20.0	2014/2015	19	MP Limited Partnership - construction of a 120-room Holiday Inn Express on World Parkway. Will feature a pool and fitness centre. (St. John's)
Indoor Swimming Pool	3.8	2014/2015	19	Fortis Properties Corporation - construction of an indoor swimming pool at the Holiday Inn St. John's located at 180 Portugal Cove Road. (St. John's)
Ministry Facility	4.5	2014/2015	14	Pentecostal Assemblies of Newfoundland and Labrador - construction of a new ministry facility to be located on Magee Road. (Gander)
Pool Upgrade	1.5	2013/2014	19	City of St. John's - upgrades to the Bannerman Park Pool House. Will include construction of fully accessible washrooms and change rooms, a space designed to enhance community use in the park and the installation of a new filtration system. (St. John's)
Recreation Complex	32.0	2013/2016	19	City of St. John's - construction of a new 73,750 sq. ft. facility to replace the existing Wedgewood Park facility. Will include a six-lane lap pool, leisure pool, gymnasium, community rooms, child minding area, seniors' centre and youth centre. Municipal funds. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Recreation Complex	36.9	2012/2014	19	City of Mount Pearl - construction of the Mount Pearl Multiplex (CP3). An expansion to the existing Reid Centre to accommodate a 60,000 sq. ft. facility that will house a 25,000 sq. ft. aquatics complex, a fitness centre with indoor walking track, weight training room, fitness program spaces, multi-purpose room and retail space. (Mount Pearl)
Recreational Infrastructure Program*	112.6	2011/2015	Various	Construction of recreational facilities across the province including ice arenas in Makkovik, Harbour Grace, Paradise and Conception Bay South; community multi-purpose buildings in Hopedale and Pasadena; and pool facilities in Marystown and Lewisporte. Partial provincial funding. (Various)
Resort Renovation and Expansion	10.0	2009/2016	15	Terra Nova Resort & Golf Community - conversion of existing Terra Nova Resort hotel rooms into suites and the construction of several condominiums, a recreation centre, indoor pool and an RV park. (Port Blandford)
Transportation				
Bridge Replacement*	50.5	2013/2016	18	Replacement of the Sir Ambrose Shea Lift Bridge. Federal and provincial funds. (Placentia)
Bridge Replacement*	33.9	2013/2016	12	Replacement of the Sir Robert Bond Bridge. Federal and provincial funds. (Bishop's Falls)
Bus Replacement	15.0	2012/2017	19	City of St. John's - replacement of 30 buses in the Metrobus fleet. (St. John's)
Highway Extension*	57.1	2010/2016	19	Construction of the Team Gushue Highway Extension. Federal/provincial cost-shared. (St. John's)
Marine Docking Structure*	5.7	2013/2014	18	Marine Atlantic Inc. - completion of upgrades to the Argentia marine docking structure. Estimated expenditures of $2.8 million for the 2014/15 fiscal year. Federal funds. (Argentia)
Marine Infrastructure*	8.5	2014/2014	Various	Includes ongoing maintenance of existing wharves and terminals as well as capital investment in new construction and improvements. Provincial funds. (Various)
National Highway Systems Projects*	30.0	2013/2014	Various	Program to allow improvements to roads on the National Highway System, primarily on the Trans Canada Highway. Funded under the Canada NL Infrastructure Framework Agreement and Canada Strategic Infrastructure Fund. Federal/provincial cost-shared. (Various)
Provincial Roads Improvement Program*	83.8	2014/2014	Various	Includes secondary road/bridge improvement projects in various parts of the province. Provincial funds. (Various)
Salt Storage Sheds*	2.4	2014/2014	Various	Construction of road salt storage sheds. Provincial funds. (Various)

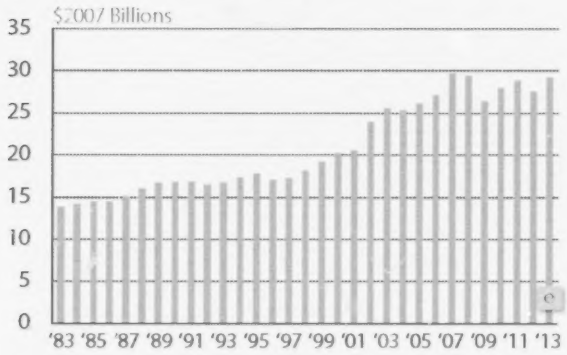
Project	Capital Cost ~ ($M)	Start/ End	Zone	Comments (Location)
Trans Labrador Highway Phase I Surfacing*	333.8	2007/2014	2, 3	Application of hard surface on Phase I of Trans Labrador Highway from Happy Valley-Goose Bay to Wabush. Funding for this project is split between federal and provincial governments to a maximum of $50.0 million in federal contribution. (Various)
Trans Labrador Highway Widening and Hard Surfacing*	449.8	2013/2018	3, 4, 5	Widening and hard surfacing of Phase II and III of Trans Labrador Highway between Red Bay and Happy Valley-Goose Bay. Federal/provincial cost-shared. (Various)
Transshipment Terminal Expansion	150.0 - 200.0	2014/2017	18	Newfoundland Transshipment Limited - expansion and modification of the crude oil transshipment terminal at Whiffen Head, Placentia Bay to accommodate the transshipment of crude oil from the Hebron offshore oil development. (Whiffen Head)
Vessel Refits*	15.1	2014/2014	Various	Refits of the existing fleet of nine government-owned vessels. Provincial funds. (Various)
Vessel Replacement Program*	56.4	2014/2014	Various	2014/15 cash flow for vessel replacement program. Provincial funds. (Various)
Wharf Replacement	4.0	2014/2014	19	St. John's Port Authority - replacement of the existing wharf structure (Pier 20) located on the south side of the St. John's harbour. The new wharf structure will measure 160 metres long. (St. John's)
Utilities				
Electric Utility Capital Expenditures	50.6	2014/2014	2	Churchill Falls (Labrador) Corporation - capital expenditures for improvements and upgrades. (Churchill Falls)
Electric Utility Capital Program	99.0	2014/2014	Various	Newfoundland Power Inc. - includes capital expenditures to further upgrade and enhance electricity system. (Various)
Electric Utility Capital Program	97.8	2014/2014	Various	Newfoundland and Labrador Hydro - capital programs that include upgrades and improvements to transmission lines, distribution systems, generating facilities and electricity grid components. (Various)
Lower Churchill Project - Phase I (Muskrat Falls)	6,200.0	2012/2017	Various	Nalcor Energy - development of the Muskrat Falls Hydroelectric Generation Facility and associated transmission assets in Newfoundland and Labrador between Muskrat Falls and Churchill Falls and Muskrat Falls and Soldiers Pond. The Newfoundland and Labrador portion of the project entails construction of an 824 megawatt hydroelectric generating facility at Muskrat Falls on the lower Churchill River and over 1,500 kilometres of associated transmission line and related infrastructure. Emera Inc. of Nova Scotia will build the Maritime Link connecting the island of Newfoundland to Cape Breton, Nova Scotia. The capital cost of Emera's Maritime Link is $1.57 billion. (Various)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Transmission Line	300.0	2014/2016	2	Newfoundland and Labrador Hydro - construction of a third transmission line between Churchill Falls and Labrador West to help supply power for new developments and to improve reliability for all customers in the Labrador region. (Churchill Falls, Labrador West)
Other Investment				
Building Redevelopment*	57.5	2008/2015	19	Royal Newfoundland Constabulary - redevelopment of the RNC Campus at Fort Townsend. The headquarters building is completed and in operation. The annex building is currently under construction. This upgrade will include a daycare, gymnasium and officer training areas. Projected expenditure for the 2014/15 fiscal year is $9.7 million. Provincial funds. (St. John's)
Capital Program*	29.0	2012/2016	Various	Royal Canadian Mounted Police - replacement and retrofitting of detachments and living quarters. Provincial/ federal cost-shared on a 70/30 basis. (Various)
Environmental Remediation and Risk Management*	209.7	2009/2020	3	Department of National Defence - environmental remediation and risk management activities to be carried out through 10 sub-projects at 5 Wing Goose Bay. Projected expenditure of $14.5M for the 2014/15 fiscal year. (Happy Valley-Goose Bay)
Flight Headquarters*	7.0	2013/2014	14	Department of National Defence - construction of a 1,358 sq. metre purpose-built facility as headquarters for 91 Construction Engineering Flight (CEF), a reserve heavy construction engineering unit operating at CFB Gander. The facility will provide a modern replacement to the existing building and will house administrative, training, workshop, and warehouse areas. Federal funds. (Gander)
Lifeboat Station*	5.0	2013/2014	16	Fisheries & Oceans Canada/Canadian Coast Guard - construction of a new Canadian Coast Guard Search and Rescue Lifeboat Station. This new station will include construction of a wharf, operations building with living quarters and storage facility. Federal funds. (Burin)
Public Buildings*	45.1	2014/2014	Various	Maintenance and development of public buildings. Provincial funds. (Various)
Rural Broadband Initiative*	8.9	2012/2014	Various	Construction of infrastructure related to the delivery of Broadband Internet in rural communities. Partial provincial funding. (Various)

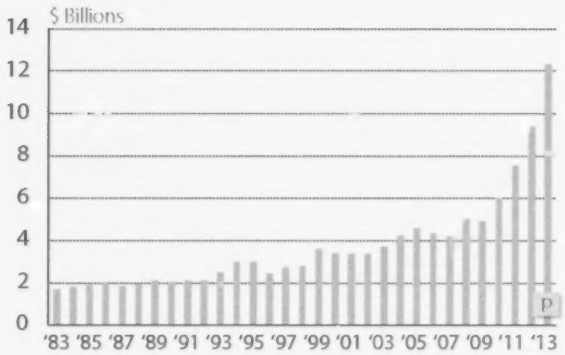
Statistical Indicators

Source: Statistics Canada; Department of Finance

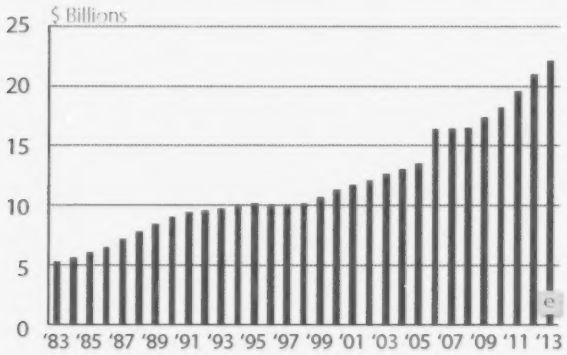
Real Gross Domestic Product



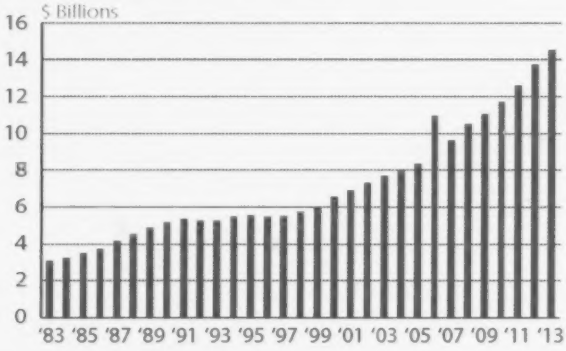
Capital Investment



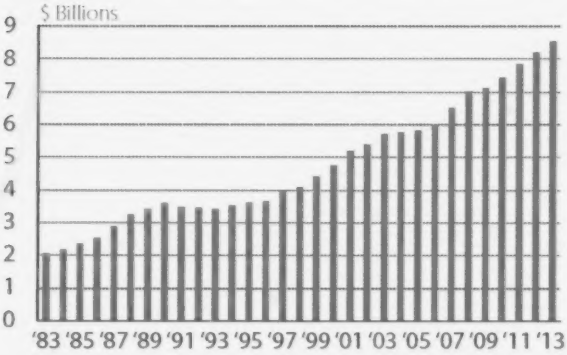
Household Income



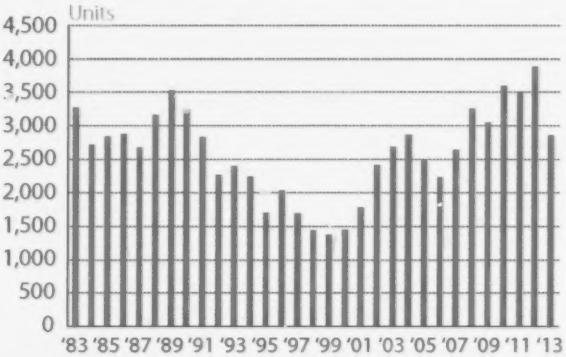
Compensation of Employees



Retail Sales



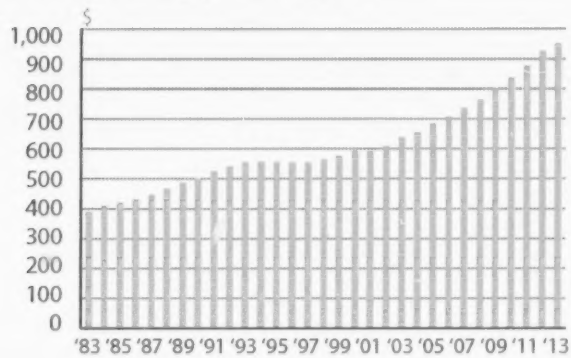
Housing Starts



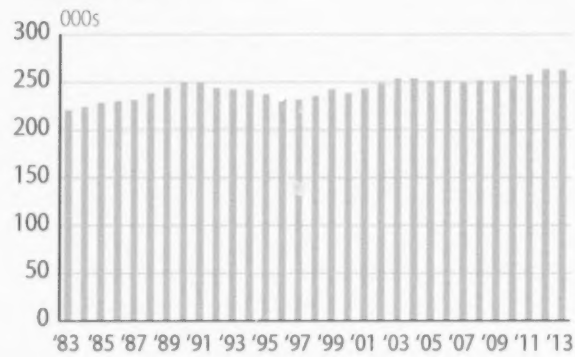
Statistical Indicators

Source: Statistics Canada; Department of Finance

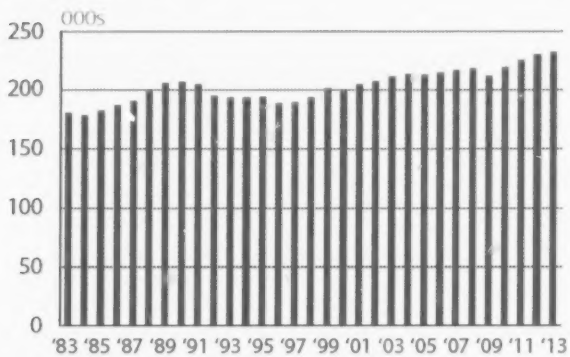
Average Weekly Earnings



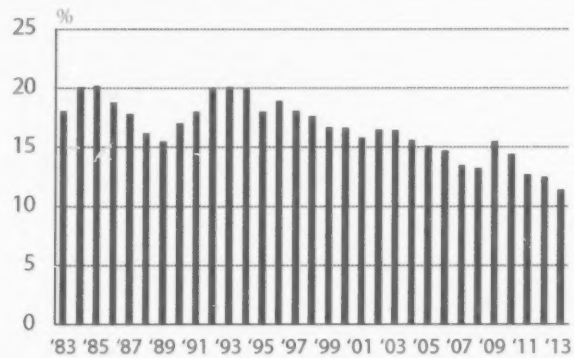
Labour Force



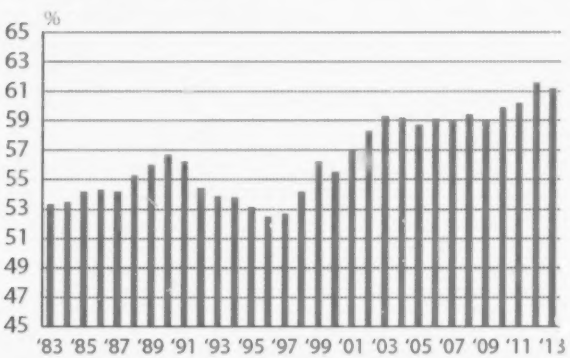
Employment



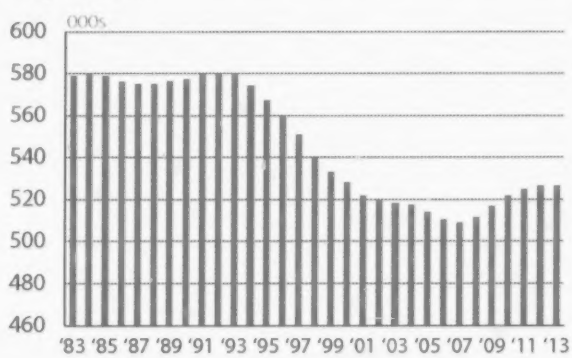
Unemployment Rate



Participation Rate



Population



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4 Tilting
Source: Department of Finance

6 U.S. Federal Reserve
Source: www.ipolitics.ca

14 Muskrat Falls
Source: Nalcor Energy

16 Rock Wall, Joe Batt's Arm
Source: Department of Finance

26 Well Servicer
Source: Department of Natural Resources

33 Loading rail cars with iron ore
Source: New Millennium Iron Corp.

34 Burton's Cove Logging and Lumber Ltd.
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38 Bale wrapper on Goulds farm
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43 Mussel Harvest
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44 North Atlantic refinery
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47 Inside Vale processing facility
Source: Vale Archive

48 New home construction
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51 A view of the St. John's Narrows from Fortis Place on Springdale Street
Source: Fortis Properties

54 Hebron GBS construction at Bull Arm
Source: ExxonMobil

55 Backcountry Hiking, Western Brook Pond Fjord, Gros Morne National Park
Source: Newfoundland and Labrador Tourism

56 Grand Princess Cruise Ship, St. John's Harbour
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59 Change Islands
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60 Air Canada / Westjet
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62 Muskrat Falls Aerial
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66 Wedgewood Park
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86 Stages, Stores and Slipways on Change Islands
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